1. **Call To Order/Roll Call**

2. **Approval Of Minutes**
   - January 16, 2003, Board Work Session Minutes
   - January 17, 2003, Board Meeting Minutes

3. **Board President’s Report**

4. **Chancellor’s Report**
   - Items from Presidents

5. **Reports**
   - IFS President
   - OSA President

6. **SYSTEM STRATEGIC PLANNING COMMITTEE** *(see yellow section)*

   **Action Items**

   a. **OUS Undergraduate Admission Policy for the 2004-05 Academic Year**

      The Board is asked to approve the updated undergraduate admission policy for 2004-05, including revisions in admission requirements for OIT, PSU, and UO.

7. **BUDGET AND FINANCE COMMITTEE** *(see green section)*

   **Action Items**

   a. **Report on 2002-03 Tuition Surcharge Rates**

      Report to the Board on final tuition surcharge rates assessed by institutions for winter and spring term following Board approvals in December 2002 and January 2003. (See Supplementary Material – Appendix “D”)

   b. **Annual Financial Audit Report**

      The Annual Financial Audit Report will be presented to the Board for their acceptance. External auditor observations regarding internal controls and management’s responses to those observations will also be discussed.
c. Sale of Land and Approval of Housing and Academic Services Agreement at PSU
Portland State University (PSU) seeks Board approval to authorize the sale of two parcels of land with office facilities and associated parking, located at 621 SW Jackson Street and 1975 SW Sixth Avenue in Portland, Oregon, to Broadway Housing LLC, a wholly owned limited liability corporation affiliated with the PSU Foundation, for $625,000 for both parcels.

d. Resolution for the Sale of Article XI-G Bonds
This resolution before the Board authorizes staff to pursue the sale of bonds for all projects currently identified by the campuses as needing bond funding consistent with the overall bond limitation imposed by the Legislature for the period 2001-2003. With this sale, a total of $101,184,758 of Article XI-G bonds will have been sold during the biennium. (See Supplementary Material – Appendix “E”)

Consent Items

a. OSU Veterinary Medicine Additional Funding Request
Staff recommends that the Board approve Oregon State University’s request to authorize the Vice Chancellor of Finance and Administration, or designee, to seek additional Legislative spending limitation for $2.2 million in unforeseen costs associated with the OSU Veterinary Medicine Additional Funding Request.

b. OSU Intercollegiate Athletics Department Fiscal Status Report, December 31, 2002
The purpose of this report is to communicate the fiscal status of the Intercollegiate Athletics Department of Oregon State University in accordance with the request of the Budget and Finance Committee. In their April 19, 2002, meeting, the Committee requested monthly reports on the financial condition of OSU Athletics in order to more closely monitor the progress being made by Athletics in meeting their deficit reduction commitments.

8. FULL BOARD (see tan section)

Action Item

a. Amendments to Internal Management Directives (IMD) 1.3005(1) and 2.001(1) Regarding Board Oversight of Higher Education Curricula and Institutions and Establishing and Naming Schools or Colleges.
As the Oregon University System continues to examine ways to streamline Board operations as well as enable institutions to more readily make internal adjustments, staff will make recommendations for changes in the Internal Management Directives. Staff recommends changes to IMD 1.305(1) and IMD 2.002(1) regarding establishing, changing, or eliminating schools or colleges.

Consent Items

a. OSU, M.A., Applied Ethics
OSU seeks Board approval to offer a program leading to the M.A. in Applied Ethics. This philosophy-based program will help students recognize, understand,
and resolve value conflicts in scientific inquiry, biotechnology, and natural resource use.

**b. SOU, B.A./B.S., Early Childhood Development**
SOU seeks Board approval to offer the B.A./B.S. in Early Childhood Development. The program builds on and articulates closely with Rogue Community College’s Early Childhood Education associate’s degree program.

**c. PSU, M.A./M.S., Interdisciplinary Studies**
PSU seeks Board approval to offer the M.A./M.S. in Interdisciplinary Studies. This individualized program will enable students to combine coursework drawn from two or three disciplines related to a specific focus that crosses these fields.

**d. Authorization to Award Honorary Degrees. OSU and PSU**
OSU seeks Board approval to award honorary doctorates to William McDonough and James Poirot at its June 2003 commencement. PSU seeks Board approval to award an honorary doctorate to Kathryn Harrison at its June 2003 commencement.

**e. Agreement to Transfer Emergency Medical Technology, A.A.S., from OHSU to OIT**
OHSU and OIT request Board approval to transfer the OHSU program leading to the A.A.S. in Emergency Medical Technology (EMT) to OIT, with OHSU continuing in a collaborative role. The program location would be at the Tualatin Valley Fire and Rescue in Sherwood. Demand for EMT graduates is high.

10. **Other Committee Reports**
- Joint Boards Working Group
- OHSU
- Oregon College Savings Plan
- Oregon Council on Knowledge and Economic Development
- OSU Presidential Search Committee
- Federal Appropriations

11. **Public Input**

12. **Items From Board Members**

13. **Delegation Of Authority To Board’s Executive Committee**

14. **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) 346-5795 if you have any questions regarding these materials.*
1. Call To Order/Roll Call

2. Approval Of Minutes  
   • January 16, 2003, System Strategic Planning Committee Meeting Minutes

3. Action Items
   a. OUS Undergraduate Admission Policy for the 2004-05 Academic Year
      The Board is asked to approve the updated undergraduate admission policy for 2004-05, including revisions in admission requirements for OIT, PSU, and UO.

4. Report Item
   a. Update on Proficiency-based Admission Standards System (PASS)
      An annual report provides background on the evolution of the Proficiency-based Admission Standards System (PASS) and describes current research, professional development, and collaborative initiatives.

5. Discussion Item
   a. SSP Work Plan Through June 2003
   b. Revised Chart: Strategic Planning Framework
      (See Supplementary Material – Appendix “B”)
   c. Quality: Discussion Guide
      (See Supplementary Material – Appendix “C”)
   d. Enrollment / Access: Introductory Discussion
   e. Affordability: Discussion (if time permits)

6. Adjournment
OUS – Undergraduate Admission Policy for the 2004-05 Academic Year

Background
Oregon State Board of Higher Education policy calls for approval of undergraduate admission requirements for each academic year in February of the preceding calendar year. This schedule is necessary for institutional planning, program implementation, publication production, and timely notice to prospective students.

Admission Policy Update
Beginning with the admission policy adopted by the Board for 1996-97, the Oregon University System (OUS) projected a transition from the traditional high school grade point average and subject-based admission standards to a proficiency-based admission standards system. An updated schedule for this policy transition is provided at the end of this document.

Admission Policy Changes for 2004-05
Admission policies for three OUS campuses have been revised to reflect campus enrollment considerations. For the other four campuses, there are no changes in the existing admission requirements. (Please see the chart Undergraduate Admission Requirements for 2004-05 Academic Year.) However, projected transition timelines to the Proficiency-based Admission Standards System (PASS) have been updated to align with the projected schedule for the implementation of educational reform in Oregon’s schools. A separate report on the implementation of PASS is in the February 21, 2003, Board docket.

The Oregon Institute of Technology (OIT) proposes to increase its high school grade point average (GPA) requirement for entering freshmen from 2.50 to 3.00. OIT also adds criteria to be used in reviewing for admissions those students whose GPA falls between 2.50 and 3.00. Students with GPA’s in this lower range should have SAT (or ACT) math and composite scores that demonstrate potential for success at OIT. These changes are the result of a six-month planning effort by the Strategic Directions Planning Commission that involved representatives from the faculty, staff, and students; campus forums; the Faculty Senate; and OIT’s Academic Council. OIT is attempting to better match admission standards with the preparation needed to persist and succeed in the rigorous academic programs offered.

Portland State University (PSU) proposes to increase its minimum GPA for freshman admission from 2.50 to 3.00 to bring admission requirements into better alignment with the actual academic profile of entering students. PSU will consider applicants with GPA’s between 2.70 and 3.00 for admission depending upon their performance on the SAT or ACT exams. The proposed changes have been under study and consultation for more than a year and were most recently reviewed and supported by the PSU Council of Academic Deans as well as the Senior Enrollment Management Team. PSU has developed a communications plan to ensure that all constituent groups are advised of
the changing requirements so that expectations about student preparedness and PSU’s commitment to access are understood.

The University of Oregon (UO) proposes to continue for 2004-05 the selective admission criteria for 2003-04 approved by the Board at the July 19, 2002, Board meeting. Specifically, the UO affirms setting its minimum GPA for entering freshmen at 3.25. It also proposes to increase the number of high school subject requirements from 14 to 16. Students with GPA’s between 3.00 and 3.25 will be reviewed in a more comprehensive manner to determine the likelihood of college success. Recent rapid growth has brought the UO to near maximum enrollment; therefore, the more selective requirements have been implemented for enrollment management.

The OUS Academic Council deliberated these admission policy revisions at its November and December 2002 meetings and its January 2003 meeting.

Staff Recommendation to the System Strategic Planning Committee
Staff recommends (1) that the general undergraduate admission policy be approved as updated for the 2004-05 academic year and (2) that staff continue to work with Oregon schools, OUS campuses, and the Oregon Department of Education on the long term transition from the traditional admission policy to the proficiency-based admission standards system.

(Board action required.)
# Undergraduate Freshman Admission Requirements

for 2004-05 Academic Year

## FRESHMAN ADMISSION (Residents and Nonresidents)

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

## High School Grade Point Average (HSGPA)

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admission</td>
<td>3.00***</td>
<td>3.00</td>
<td>3.00</td>
<td>3.00</td>
<td>2.75</td>
<td>3.25</td>
<td>2.75</td>
</tr>
<tr>
<td>Additional Campus</td>
<td>Below 3.00 portfolio required</td>
<td>2.50 to 2.99</td>
<td>2.75 to 2.99</td>
<td>2.70 to 2.99</td>
<td>Below 2.75</td>
<td>Below 3.25; or fewer than 16 subject units</td>
<td>Below 2.75</td>
</tr>
</tbody>
</table>

** UO requires that students complete 16 units of college preparatory units for admission. These must include the 14 subject units required for all OUS campuses plus two additional approved units in any subject area.

** Minimum SAT I scores are not set, but score results must be submitted and may be used for alternative or selective admission.

*** In courses taken to satisfy the subject requirements.

Note: All OUS campuses conduct more comprehensive reviews of applicants who do not meet the required GPA for admission. Reviews include additional factors such as standardized test results, rigor of courses taken, review of writing sample, or personal essays, PASS performance information, and other indicators that predict success in college.
### Undergraduate Transfer Admission Requirements for 2004-05 Academic Year

<table>
<thead>
<tr>
<th>TRANSFER ADMISSION</th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>GPA (Residents)</td>
<td>2.25</td>
<td>2.00</td>
<td>2.25</td>
<td>2.00</td>
<td>2.25</td>
<td>2.25</td>
<td>2.00</td>
</tr>
<tr>
<td>GPA (Nonresidents)</td>
<td>2.25</td>
<td>2.00</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.50</td>
<td>2.00</td>
</tr>
<tr>
<td>Admission Consideration for Applicants with 2.00+ GPA and AA Degree from Oregon Community Colleges</td>
<td>Yes</td>
<td>N/A</td>
<td>Yes</td>
<td>N/A</td>
<td>Yes</td>
<td>Yes</td>
<td>N/A</td>
</tr>
<tr>
<td>Minimum College Credits Required</td>
<td>30</td>
<td>36</td>
<td>36</td>
<td>30</td>
<td>36</td>
<td>36</td>
<td>24</td>
</tr>
<tr>
<td>All Applicants Must Meet Specified Course Requirements*</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

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

**All institutions:** Two years of same high school-level second language with a grade of C- or above, or two terms of a college-level second language with a grade of C- or above, or acceptable performance on approved assessment options. American Sign Language (ASL) meets the second language requirement. Second language requirement applies to transfer students graduating from high school in 1997 and thereafter.
Oregon Resident Students

Freshman Admission
To be admitted to freshman standing,\(^1\) resident students must fulfill each of the requirements (or alternatives) as specified in 1 through 4 below:

1. **High School Graduation**

   Public high school graduates must have graduated from a standard high school. Private high school graduates must have graduated from an accredited high school.

   Nongraduates must have:
   - All institutions require a minimum score of 400 on each of the five subtests of the test of General Educational Development (GED) except Eastern Oregon University (which has a portfolio requirement) and Southern Oregon University (which requires a 410), and an average score of 580 for the five subtests (Oregon Institute of Technology,\(^2\) Oregon State University, University of Oregon); 550 (Southern Oregon University, Western Oregon University); 460 (Portland State University). Note: Effective January 1, 2002, the scoring for the GED was changed to a three-digit result as reflected in the minimum scores above. Tests scores earned prior to January 1, 2002, will continue to be accepted. The minimum score accepted by an OUS campus using the old scale is 40 except Eastern Oregon University (which has a portfolio requirement) and Southern Oregon University (which requires a 41) and an average score of 58 for the five subtests (Oregon Institute of Technology, Oregon State University, University of Oregon); 55 (Southern Oregon University, Western Oregon University); 46 (Portland State University) and
   - Satisfied the second language admission requirement through approved assessments, or
     - Two years of acceptable coursework (grade of C- or above) through an accredited or standard high school in the same high school-level second language, or
     - Two terms of acceptable coursework (grade of C- or above) in a college-level second language.

   Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to applicants graduating from high school in 1997 and thereafter. In rare

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\(^1\) Students with any college credit note Transfer Admission, 2.

\(^2\) OIT: Applicants with GED composite scores between 550 and 570 (55 and 57) and a minimum of 400 (40) on each subtest must have minimum SAT scores of 400 math and 800 composite or ACT scores of 17 math and 16 composite. For scores between 500 and 540 (50 and 54) and a minimum score of 400 (40) on each subtest must have minimum SAT scores of 500 math and 1000 composite or ACT scores of 21 math and 21 composite.
instances, an exception to this requirement may be made; however, the admission deficiency must be made up by successfully completing (grade of C- or above) two terms of a college-level second language.

Graduates of unaccredited high schools must have:

- Met all institutional SAT or ACT requirements. All institutions except Eastern Oregon University (which has a portfolio requirement) require a minimum score of 1070 SAT I or 23 ACT (Oregon State University, University of Oregon); 1010 SAT I or 21 ACT (Southern Oregon University); 1000 SAT I or 21 ACT (Oregon Institute of Technology, Portland State University, Western Oregon University);

- An average score of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice), or meet the summer qualifying alternative (3.f); and

- Satisfied the second language admission requirement through approved assessments, or
  - Two years of acceptable coursework through an accredited or standard high school in the same high school-level second language, or
  - Two terms of acceptable coursework in a college-level second language.

Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to applicants graduating from high school in 1997 and thereafter. In rare instances, an exception to this requirement may be made. However, the admission deficiency must be made up by completing two terms of a college-level second language.

Admission of Nongraduates and Graduates of Unaccredited High Schools to Eastern Oregon University: Students will be selectively admitted based on a review of a submitted portfolio that includes an essay on educational goals, recommendations, GED or other test scores, grades, and any other evidence of academic and community achievement.

2. **Grade Point Average (GPA) Requirement**

Students must have attained a minimum grade point average in all graded subjects taken toward graduation from high school in four years:

- 3.25 or above: University of Oregon.
- 3.00 or above: Eastern Oregon University, Oregon Institute of Technology, Oregon State University, and Portland State University.
- 2.75 or above: Southern Oregon University and Western Oregon University.

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3 For EOU, the 3.00 or above must be in the courses taken to satisfy the subject requirements.
Alternatives to the GPA Requirement:

Eastern Oregon University
- Review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.

Oregon Institute of Technology
- High School GPA between 2.75 and 2.99: SAT math 400 or greater and SAT math and verbal combined score of 800 or greater or ACT math of at least 17 and composite of at least 16.
- High School GPA between 2.5 and 2.74: SAT math of 500 or greater and SAT math and verbal combined score of 1000 or greater or ACT math of at least 21 and composite of at least 21.

Oregon State University
- SAT I or ACT scores and high school grades to suggest likelihood of success.

Portland State University
- 990 SAT or 20 ACT

Southern Oregon University
- 1010 SAT I or 21 ACT

University of Oregon
- Rigor of courses taken in high school;
- Grade trends throughout high school;
- Quality of admission essay; and
- SAT I or ACT scores and high school grades to suggest likelihood of success.

Western Oregon University
- 1000 SAT I or 21

3. Subject Requirements

Applicants must satisfactorily (grade of C- or above) complete at least 14 units\(^4\) (one year equal to one unit) of college preparatory work in the following subject areas:

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

**Mathematics (3 units).** Shall include first-year algebra and two additional years of college preparatory mathematics selected from geometry (deductive or

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\(^4\) UO requires students to complete 16 college preparatory units comprised of the 14 core units as required by all OUS campuses plus two additional units from any of the five subject areas.
descriptive); advanced topics in algebra, trigonometry, analytical geometry, finite mathematics, advanced applications, calculus, and probability and statistics, or courses that integrate topics from two or more of these areas. One unit is highly recommended in the senior year. (Algebra and geometry taken prior to ninth grade will be accepted.)

**Science (2 units).** Shall include a year each in two fields of college preparatory science such as biology, chemistry, physics, or earth and physical science. It is strongly recommended that one-year be taken as a laboratory science.

**Social Studies (3 units).** Shall include one year of U.S. history, one year of global studies (world history, geography, etc.), and one year of a social studies elective. Government is highly recommended.

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

Alternatives to the Subject Requirements:

**All institutions except Eastern Oregon University and Western Oregon University**
- Score an average of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice); or
- Take make-up coursework (high school or college level) for specific subject requirements missed in high school and achieve a passing grade (grade of C- or above). (One three-hour, college-level course is equal to one unit of high school work.) For mathematics, satisfactory completion of Intermediate Algebra (Math 95) or above fulfills (in total) the subject requirement in mathematics.
- If admitted by exception to the second language requirement, the admission deficiency must be made up through two terms of a college-level second language.

**Eastern Oregon University**
- Students who have below a 3.00 high school GPA in all subject requirement coursework may be selectively admitted based on a review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.
- If admitted by exception to the second language requirement, the admission deficiency must be made up through two terms of a college-level second language.
4. Admission Tests

Applicants must submit scores on the SAT I or American College Test (ACT).

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

Test scores are used:
- As an alternate means of meeting the GPA and/or subject requirements;
- To comply with the admission policy for graduates of unaccredited high schools;
- In selectively admitting qualified applicants; and
- For advising, guidance, and research purposes.

Five Percent Special Admission

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

Transfer Admission

1. Resident Applicants

Resident applicants must meet institutional requirements, as follows:

*Eastern Oregon University*
- A minimum GPA of 2.25 or better in 30 or more quarter credit hours of acceptable college-level work; and
- Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

*Oregon Institute of Technology*
- A minimum GPA of 2.00 or better in 36 or more quarter credit hours of acceptable college-level work; and
- Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved
second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

**Oregon State University and University of Oregon**
- A minimum GPA of 2.25 or better in 36 or more quarter credit hours of acceptable college-level work;
- One writing course beginning with WR 121 with a grade of C- or above;
- College algebra or above with a grade of C- or above, or the equivalent of Math 105; and
- Two terms of a college-level second language with an average grade of C- or above, or two-years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

**Portland State University**
- A minimum GPA of 2.00 or better in 30 or more quarter credit hours of acceptable college-level work; and
- Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

**Southern Oregon University**
- A minimum GPA of 2.25 or better in 36 or more quarter credit hours of acceptable college-level work\(^5\); and
- Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

**Western Oregon University**
- A minimum GPA of 2.00 or better in 24 or more quarter credit hours of acceptable college-level work; and

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\(^5\) SOU limits the number of credits of physical education or team sports used to compute GPA to 12.
• Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

2. **All Transfer Applicants**

• Students who have accumulated 12 or more quarter credit hours of college-level work but fewer than 36 (Oregon Institute of Technology, Oregon State University, Southern Oregon University, University of Oregon); 30 (Eastern Oregon University, Portland State University); or 24 (Western Oregon University) must meet freshman admission requirements; and

• Have a minimum GPA of 2.25 (Eastern Oregon University, Oregon State University, Southern Oregon University, University of Oregon) or 2.00 (Oregon Institute of Technology, Portland State University, Western Oregon University) in all college work attempted.

**Special Transfer Admission**

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

Freshman Admission

To be admitted to freshman standing, nonresident students must fulfill each of the requirements (or alternatives) as specified in 1 through 4 below:

1. **High School Graduation**

   Public high school graduates must have graduated from a standard high school. Private high school graduates must have graduated from an accredited high school.

   Nongraduates must have:
   - All institutions require a minimum score of 400 on each of the five subtests of the test of General Educational Development (GED) except Eastern Oregon University (which has a portfolio requirement) and Southern Oregon University (which requires a 410), and an average score of 580 for the five subtests (Oregon Institute of Technology, Oregon State University, University of Oregon); 550 (Southern Oregon University, Western Oregon University); 460 (Portland State University). Note: effective January 1, 2002, the scoring for the GED was changed to a three-digit result as reflected in the minimum scores above. Tests scores earned prior to January 1, 2002, will continue to be accepted. The minimum score accepted by an OUS campus using the old scale is 40 except Eastern Oregon University (which has a portfolio requirement) and Southern Oregon University (which requires a 41), and an average score of 58 for the five subtests (Oregon Institute of Technology, Oregon State University, University of Oregon); 55 (Southern Oregon University, Western Oregon University); 46 (Portland State University); and
   - Satisfied the second language admission requirement through approved assessments, or
     - Two years of acceptable coursework (grade of C- or above) through an accredited or standard high school in the same high school-level second language, or
     - Two terms of acceptable coursework (grade of C- or above) in a college-level second language.

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6 Students with any college credit note Transfer Admission, 2.

7 OIT: Applicants with GED composite scores between 550 and 570 (55 and 57) and a minimum of 400 (40) on each subtest must have minimum SAT scores of 400 math and 800 composite or ACT scores of 17 math and 16 composite. For scores between 500 and 540 (50 and 54) and a minimum score of 400 (40) on each subtest must have minimum SAT scores of 500 math and 1000 composite or ACT scores of 21 math and 21 composite.
Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to applicants graduating from high school in 1997 and thereafter. In rare instances, an exception to this requirement may be made; however, the admission deficiency must be made up by successfully completing (grade of C- or above) two terms of a college-level second language.

Graduates of unaccredited high schools must have:

- All institutions except Eastern Oregon University (which has a portfolio requirement) require a minimum score of 1070 SAT I or 23 ACT (Oregon State University, University of Oregon); 1010 SAT I or 21 ACT (Southern Oregon University); 1000 SAT I or 21 ACT (Oregon Institute of Technology, Portland State University, Western Oregon University);

- An average 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice); and

- Satisfied the second language admission requirement through approved assessments, or
  - Two years of acceptable coursework through an accredited or standard high school in the same high school-level second language, or
  - Two terms of acceptable coursework in a college-level second language.

Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to applicants graduating from high school in 1997 and thereafter. In rare instances, an exception to this requirement may be made. However, the admission deficiency must be made up by completing two terms of a college-level second language.

Admission of Nongraduates and Graduates of Unaccredited High Schools to Eastern Oregon University: Students will be selectively admitted based on a review of a submitted portfolio that includes an essay on educational goals, recommendations, GED or other test scores, grades, and any other evidence of academic and community achievement.

2. **Grade Point Average (GPA) Requirement**

Students must have a minimum grade point average in all graded subjects taken toward graduation in four years of high school of:
- 3.25 or above: University of Oregon.
- 3.00 or above: Eastern Oregon University, Oregon Institute of Technology, Oregon State University, and Portland State University.

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8 For EOU, the 3.00 or above must be in the courses taken to satisfy the subject requirements.
• 2.75 or above: Southern Oregon University and Western Oregon University.

Alternatives to the GPA Requirement:

Eastern Oregon University
• Review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.

Oregon Institute of Technology
• High School GPA between 2.75 and 2.99: SAT math 400 or greater and SAT math and verbal combined score of 800 or greater or ACT math of at least 17 and composite of at least 16.
• High School GPA between 2.5 and 2.74: SAT math of 500 or greater and SAT math and verbal combined score of 1000 or greater or ACT math of at least 21 and composite of at least 21.

Oregon State University
• SAT I or ACT scores and high school grades to suggest likelihood of success.

Portland State University
• 990 SAT or 20 ACT.

Southern Oregon University
• 1010 SAT I or 21 ACT.

University of Oregon
• Rigor of courses taken in high school;
• Grade trends throughout high school;
• Quality of admission essay; and
• SAT I or ACT scores and high school grades to suggest likelihood of success.

Western Oregon University
• 1000 SAT I or 21 ACT.

3. Subject Requirements

Applicants must satisfactorily (grade of C- or above) complete at least 14 units\(^9\) (one year equal to one unit) of college preparatory work in the following subject areas:

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

\(^9\) University of Oregon requires students to complete 16 college preparatory units comprised of the 14 core units as required by all OUS campuses plus two additional units from any of the five subject areas.
Mathematics (3 units). Shall include first-year algebra and two additional years of college preparatory mathematics selected from geometry (deductive or descriptive), advanced topics in algebra, trigonometry, analytical geometry, finite mathematics, advanced applications, calculus, probability and statistics, or courses that integrate topics from two or more of these areas. One unit is highly recommended in the senior year. (Algebra and geometry taken prior to ninth grade will be accepted.)

Science (2 units). Shall include a year each in two fields of college preparatory science such as biology, chemistry, physics, or earth and physical science. It is strongly recommended that one year be taken as a laboratory science.

Social Studies (3 units). Shall include one year of U.S. history, one year of global studies (world history, geography, etc.), and one year of a social studies elective. Government is highly recommended.

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

Alternatives to the Subject Requirements:

All institutions except Eastern Oregon University and Western Oregon University

- Score an average of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice); or
- Take make-up coursework (high school or college level) for specific subject requirements missed in high school and achieve a passing grade. (One three-hour, college-level course is equal to one unit of high school work.) For mathematics, satisfactory completion of Intermediate Algebra (Math 95) or above fulfills (in total) the subject requirement in mathematics.
- If admitted by exception to the second language requirement, the admission deficiency must be made up through two terms of a college-level second language.

Eastern Oregon University

- Students who have below a 3.00 high school GPA in all subject requirement course-work may be selectively admitted based on a review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.
• If admitted by exception to the second language requirement, the admission deficiency must be made up through two terms of a college-level second language.

*Western Oregon University*
• If admitted by exception to the second language requirement, the admission deficiency must be made up through (grade of C- or above) two terms of a college-level second language.

4. **Admission Tests**

Applicants must submit scores on the SAT I or American College Test (ACT).

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

Test scores are used:
• As an alternate means of meeting the GPA and/or subject requirements;
• To comply with the admission policy for graduates of unaccredited high schools;
• In selectively admitting qualified applicants; and
• For advising, guidance, and research purposes.

**Five Percent Special Admission**

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

**Transfer Admission**

1. **Nonresident Applicants**

Nonresident applicants must meet institutional requirements, as follows:

*Eastern Oregon University*
• A minimum GPA of 2.25 or better in 30 or more quarter credit hours of acceptable college-level work; and
• Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in
American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

Oregon Institute of Technology
- A minimum GPA of 2.00 or better in 36 or more quarter credit hours of acceptable college-level work and
- Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

Oregon State University
- A minimum GPA of 2.25 or better in 36 or more quarter credit hours of acceptable college-level work;
- One writing course beginning with WR 121 with a grade of C- or above;
- College algebra or above with a grade of C- or above, or the equivalent of Math 105; and
- Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

Portland State University
- A minimum GPA of 2.00 or better in 30 or more quarter credit hours of acceptable college-level work; and
- Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

Southern Oregon University
- A minimum GPA of 2.25 or better in 36 or more quarter credit hours of acceptable college-level work\textsuperscript{10}, and

\textsuperscript{10}SOU limits the number of credits of physical education or team sports used to compute GPA to 12.
• Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

University of Oregon
• A minimum GPA of 2.50 or better in 36 or more quarter credit hours of acceptable college-level work;
• One writing course beginning with WR 121 with a grade of C- or above;
• College algebra or above with a grade of C- or above, or the equivalent of Math 105; and
• Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

Western Oregon University
• A minimum GPA of 2.00 or better in 24 or more quarter credit hours of acceptable college-level work; and
• Two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement applies only to transfer applicants graduating from high school in 1997 and thereafter.

2. All Transfer Applicants

• Students who have accumulated 12 or more quarter credit hours of college-level work, but fewer than 36 (Oregon Institute of Technology, Oregon State University, Southern Oregon University, University of Oregon); 30 (Eastern Oregon University, Portland State University); or 24 (Western Oregon University) must meet freshman admission requirements; and

• Have a minimum GPA of 2.50 (University of Oregon); 2.25 (Eastern Oregon University, Oregon State University, Portland State University, Southern Oregon University); or 2.00 (Oregon Institute of Technology, Western Oregon University) in all college work attempted.
Special Transfer Admission

Institutions are authorized to grant special admission to transfer applicants on a case-by-case basis in accordance with each institution’s transfer admission policy. If admitted by exception to the second language requirement, the admission deficiency must be made up through two terms of a college-level second language or by demonstration of proficiency in a second language.
Transition to Oregon University System
Proficiency-based Admission Standards System (PASS)

The Proficiency-based Admission Standards System (PASS) was initiated by the Board of Higher Education in July 1993, in response to an agreement between the Board of Higher Education and the Board of Education. The purpose of the agreement was to clarify and define the relationship between the standards-based reform agenda for K-12, including Certificates of Initial and Advanced Mastery (CIM and CAM), and college admission. Without such clarification, the two education systems would tend, over time, to be organized around different measures of learning – K-12 around stated standards, and higher education around high school grades and Carnegie subject matters units. The goal of PASS was to create a means for admitting students based on demonstrated proficiency, related to academic knowledge and skills, thereby allowing students to move continuously through the education system based on their performance.

During the fall of 1993, PASS involved high school teachers and higher education faculty in the process of developing the necessary proficiencies, the results of which were presented to the Board in January 1994. After additional input and review from OUS faculty and administrators and public school educators, the Board, at its May 1994 meeting, endorsed the proficiencies as the basis for admission to OUS institutions for in-state public school students applying fall term 1999. Because of statutory and other policy changes, the projected schedule for implementation has been modified and extended. Subsequent revisions of the PASS proficiency standards and the development of criteria for assessment have involved hundreds of high school teachers and college faculty. Annual reviews ensure that the PASS standards and assessments maintain alignment with both OUS admission and implementation of CIM and CAM.

The current admission policy for OUS allows students the option of using proficiency in the PASS standards to meet certain subject-area requirements. Applicants may submit evidence of meeting all the required PASS standards in the subject areas of English, math, science, or second languages instead of meeting the traditional OUS requirements in that subject area. By fall 2005, this option will be expanded to all content areas and students will be expected to meet as many PASS standards as possible as part of the K-12 Board’s newly defined education plan, which is required for graduation. Campus admissions officers and faculty are investigating the use of standards information for admission, class placement, and scholarship decisions.

The long-term objective is for PASS to transition into the required policy for admission as data indicate the readiness of the K-16 system support a proficiency approach. The transition is designed to allow high schools time to adapt to the use of standards and to enable them to extend training and curricular redesign over a multi-year period. OUS Academic Affairs staff continues to work closely with the Oregon Department of Education to remain aligned as adjustments are made in school reform policies and implementation schedules.
Optional Transition to Proficiency-based Admission Standards System (PASS), 2004-05, for Oregon Public High School Graduates

OUS seeks to align its admission processes with changes that are occurring within Oregon high schools. Assuming that the requirements of school-reform legislation and policy are being met by the majority of Oregon high schools, an increasing number of students will be able to demonstrate the ability to function at higher academic levels.

Standard Policy

Current OUS admission policy is expected to remain in effect through the 2004-05 academic year. Students should anticipate continuing to meet subject and grade point requirements and submit required test scores for admission.

Optional Policy

OUS expects that increasing numbers of applicants from Oregon public high schools applying for freshman admission to fall term 2004 will:

1. Meet the OUS admission requirements in a subject area by meeting all the PASS required standards in that subject (for example, math);

   and

2. Meet current subject-area requirements in social studies, second languages, English, math, and science (where not met by PASS) and earn the minimum grade point average as required by each OUS institution;

   and

3. Submit SAT I or ACT scores.

In addition, OUS expects that many applicants will include information on PASS standards demonstrated through CIM standards met, state and national tests such as AP, SAT II, and IB, or collections of evidence rated by PASS-trained teachers. This information is beginning to be used on campuses for scholarships, class or program placements, and determining competitive or borderline admits. The campus-specific advantages that students may earn will be updated annually.

More information about PASS is available at <http://www.ous.edu/pass>. 
Optional Transition to Proficiency-based Admission Standards System (PASS), 2004-05, for Nonresident Students, Oregon Private School Students, Home-Schooled Students, GED Students, and Nongraduates

OUS seeks to align its admission processes with changes that are occurring within Oregon high schools. Assuming that the requirements of school reform legislation and policy are being met by the majority of Oregon public high schools, an increasing number of students will be able to demonstrate the ability to function at higher academic levels. It is recognized that nonresident students, Oregon private school students, home-schooled students, GED students, and nongraduates may have different academic experiences from those of graduates of Oregon public high schools that do not mesh with the OUS Proficiency-based Admission Standards System (PASS).

Standard Policy

Nonresident students, resident students from private schools, home-schooled students, and all other applicants should anticipate admission under current requirements (e.g., minimum grade point average, subject requirements, and test scores, etc.) through 2004-05.

Optional Policy

OUS staff will work with out-of-state high schools, Oregon’s private schools, and students who were home schooled to make them aware of proficiency-based admission requirements and of how to score and report student proficiency, should they wish to do so.

Individual students will have the option of reporting their performance in terms of PASS standards in cases where the student’s high school has proficiency-based programs. If PASS standards are used in place of a subject area requirement, the following conditions must be met for freshman admission to fall term 2004:

1. Meet the OUS admission requirements in a subject area by meeting all the PASS required standards in that subject (for example, math);

and

2. Meet current subject-area requirements in social studies, second languages, English, math, and science (where not met by PASS) and earn the minimum grade point average as required by each OUS institution;

and

3. Submit SAT I or ACT scores.

More information about PASS is available at <http://www.ous.edu/pass>.
Update on Proficiency-based Admission Standards System (PASS)

Background
The Proficiency-based Admission Standards System (PASS) was initiated in response to an agreement made between the Board of Higher Education and the Board of Education in July 1993. The purpose of the agreement was to clarify and define the relationship between the standards-based reform agenda for K-12, including the Certificates of Initial and Advanced Mastery (CIM and CAM), and college admission. The goal was to create a means for admitting students based on demonstrated proficiency related to academic knowledge and skills, thereby allowing students to move continuously through the education system based on their performance.

PASS Proficiency Standards Developed
The effort began by assembling a project team that reviewed national standards and involved high school teachers and higher education faculty (in all sectors) in the process of developing proficiencies in six content areas, the results of which were presented to the Board in January 1994. After additional input and review from Oregon University System (OUS) faculty and administrators and public school educators, the Board, at its May 1994 meeting, endorsed the proficiencies as the optional basis for admission to OUS institutions for in-state public school students applying fall term 1999 and reviewed a timeline for full implementation. Subsequent revisions of the standards and assessment strategies have involved literally hundreds of high school teachers and college faculty.

Phased Implementation Timeline Established for K-12 Reform and PASS
In 1995, the Oregon Legislature passed HB 2991, which delayed implementation of the CIM until the 1998-99 school year. Given this change in the implementation timeline for the CIM and the alignment of some PASS proficiencies with it, the implementation schedule for PASS was modified to phase in beginning with fall term 2001 and continuing through 2005, two years after each CIM requirement was put into place. Additional timeline adjustments by the State Board of Education in 1999 delayed the implementation of the social science requirement for the CIM until 2003.

The current admission policy for OUS allows students the option of using PASS proficiencies to meet certain subject-area requirements. Students have the opportunity to submit English, math, science, and second languages PASS information with their applications to OUS. By fall 2005, this option will be expanded to all content areas and students will be expected to meet as many PASS standards as possible as part of the K-12 Board’s newly defined education plan that is required for graduation. Campus admissions officers and faculty are reviewing the use of standards information for admission, class placement, and scholarship decisions. The long-term objective is for PASS to transition from this "proficiency advantage" strategy into the required policy for undergraduate admission as conditions indicate the feasibility of doing so.
This extended transition allows high schools to adapt gradually to the use of proficiencies and to extend training and curricular redesign over a multi-year period. OUS Academic Affairs staff members continue to work closely with the Oregon Department of Education (ODE) as adjustments are made in school reform. Regular progress reports on this partnership effort are made to the Joint Boards of Education – most recently at the January 2003 meeting.

**Standards and Assessments for CIM and PASS Aligned**

A major milestone was achieved in the 1998-99 school year when PASS and ODE agreed upon a set of aligned content standards from grade three through college admission. Oregon is the first and only state in the nation to have aligned its standards in this fashion. This means that as students work toward meeting the benchmarks set at grades three, five, and eight, along with the requirements for the Certificate of Initial Mastery, they will be able to see how their efforts relate directly to OUS admission requirements.

As a result of alignment efforts during the 2000-01 school year, students who meet the CIM state assessment requirements in English, math, and science automatically meet four out of the ten PASS standards required for admission to OUS institutions. This provides a firm foundation for completion of the rest of the standards and additional ones recommended for advanced students seeking scholarships, class placement, and/or college credit. In January 2001, the State Board of Education agreed that students meeting the required PASS standards will automatically meet the requirements for CIM in English, math and science. Finally, ODE adopted the PASS methodology for judging collections of student work against standards and criteria as a means for “juried assessments,” the K-12 system’s alternative to state assessment requirements.

An OUS/ODE assessment panel of high school teachers and college faculty was formed in fall 2001, meets quarterly to calibrate the K-16 system of standards and benchmarks, and evaluates student work submitted by high school teachers from across the state.

**Recent Activities**

1. **Moving from Research and Development to PASS Implementation**

   A three-year $1.45-million grant was awarded to OUS from The Pew Charitable Trusts for September 1998-2001. This award, matched by OUS and ODE contributions, allowed PASS to expand its efforts to 55 high schools during the 1998-99 school year and 65 public high schools in 1999-00. These high schools, located in 46 school districts, enrolled 63,089 students or approximately one half of the high school students in the state. More than 180 designated high school teachers involved their English, math, and science departments in PASS. Evaluation results indicated that teacher judgments of student work proved to be comparable across the state; teachers were changing practices and focusing classroom-based instruction and assessment on students reaching standards; and students reported
that they were more academically engaged in classes organized around PASS standards and that they understood course content and application at a deeper level than in “non-PASS” classes.

Encouraging results from the entire research and development period through June 2000 led OUS to end this phase and focus 2000-01 efforts on building the capacity for PASS implementation statewide. In fall 2000, OUS offered training to three teachers each from the over 300 public and private high schools in Oregon. Training sessions continued throughout the 2001-02 school year through the Education Service Districts. To date, approximately 2,500 teachers in Oregon have received training.

In fall 2002, OUS received a three year $500,000 grant from the U.S. Department of Education, Fund for the Improvement of Post-Secondary Education (FIPSE) to develop online resources to train teachers in the development of classroom based assessments that lead to the determination of student proficiency.

2. Partnerships Involve Other State Associations and Agencies in PASS Implementation

OUS formed a partnership in 2000 with the Confederation of Oregon School Administrators (COSA) to inform high school teachers and administrators about PASS and the benefits to be realized by beginning implementation in fall 2001, and to produce and distribute to high schools throughout the state the PASS Guides to Teaching and Assessing Proficiency. PASS is part of the Oregon Business Council’s (OBC) statewide communication campaign, “Show it Counts.” Discipline-based associations such as the Oregon Council of Teachers of English (OCTE) and the Confederation in Oregon for Language Teaching (COFLT) have made significant contributions to PASS development and implementation.

3. OUS/ODE Assessment Panel, Implementation Forums, Campus Implications Teams and On-Line Training Support Implementation

- Statewide OUS/ODE Assessment Panels composed of high school teachers and OUS faculty in English, math, and science meet semi-annually to ensure the comparability and quality of teacher judgments across the state. In October 2001, three regional conferences were held for school counselors, registrars, administrators, and OUS admissions officers. In March 2002, ten forums conducted throughout the state gave educators the next steps for PASS implementation.

- To meet the critical need for information and training, the Web sites for both PASS <http://www.ous.edu/pass> and OUS Enrollment and Student Services <http://www.ous.edu/enroll_svcs_home/html> have been redesigned and expanded. The PASS Web site offers training modules and scoring labs that may
be used by teachers as well as higher education faculty and college of education faculty who are preparing new teachers.

- Faculty Implications Teams were established on each campus to examine implications of PASS for undergraduate coursework, align placement tests with PASS proficiency assessment data, and orient and update other faculty on PASS developments.

- OUS faculty are directly involved in the setting of performance levels for PASS through calibration sessions that are held on all OUS campuses. These sessions allow faculty panelists to verify judgments of PASS teachers on collections of student work in English, math, and science, set levels above proficient for exemplary work (worthy of recognition), and align performance of students entering with PASS proficiencies with performance of students in current undergraduate coursework.

- OUS Enrollment and Student Services is working with OUS admissions officers to establish the processes and procedures for transfer of data from high schools to individual OUS campus offices, as well as working with ODE on the Oregon Student Record, with high schools throughout the state on implementing the revised course-approval process that maps courses against PASS standards, and instituting incentives available for students demonstrating PASS proficiencies.

4. Additional Federal Grants and Board Resolutions Support PASS Implementation

In fall 2001, OUS received a three-year $500,000 grant from the U.S. Department of Education, Fund for the Improvement of Post-Secondary Education (FIPSE) to study the success of freshmen who are the first to be admitted having met PASS standards in English and math. Findings from this study will indicate the predictive value of proficiency measures related to first year college performance and persistence to sophomore year.

On January 18, 2002, the Joint Boards of Education approved a resolution supporting the development of an integrated assessment system by June 2002 and the development of a student data transfer mechanism by April 2002. Without a fully implemented student data transfer mechanism, it is not feasible to move information from school to school and sector to sector. A prototype for an integrated data transfer system has been created. In December 2002, OUS admissions officers and registrars reviewed this prototype and indicated merit in the system and recommendations for next steps.

5. PASS Is Part of a National Standards Movement

Through the PASS project director, Christine Tell, and Enrollment and Student Services director, David McDonald, OUS has linkages with 36 other states that are
investigating or developing various forms of proficiency-based admissions. PASS consults with The College Board and other national organizations involved in the development of assessments common to institutions of higher education nationally. PASS continues to be a recognized model for proficiency-based admission, as reflected in the interest shown by other states and in national publications and articles (bibliography is available upon request). An objective of this national work is to ensure that Oregon students who meet PASS standards can apply without difficulty anywhere in the nation.

(No Board action required.)
## System Strategic Planning Committee Work Plan through June 2003

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Timelines</th>
<th>Status &amp; Next Steps</th>
<th>Related Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopt a <strong>vision</strong> for OUS.</td>
<td>December 2002</td>
<td>Completed</td>
<td></td>
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<tr>
<td>Develop a statement of the OUS <strong>goals</strong> and anticipated services to the citizens of Oregon.</td>
<td>December 2002</td>
<td>Completed</td>
<td></td>
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<tr>
<td>Refine <strong>mission statements</strong> for each university and align with OUS vision and goals, identifying distinctions between and strengthening collaborative relationships among the institutions.</td>
<td>To be determined.</td>
<td>To be determined.</td>
<td></td>
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<tr>
<td>Develop <strong>policies</strong> that include measurable outcomes and outline the respective OUS and university responsibilities for:</td>
<td>January through June 2003</td>
<td>Move toward a set of policies in May 2003, with discussion and adoption by the full Board in June.</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>Timelines</td>
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| • Access/Enrollment Demand  
  ➢ Admission policy  
  ➢ Unmet higher educational needs | February – April 2003 | Introduction in February, full discussion in April. Report to SSP Committee on admissions policy in February. | Report to Board Work Session on OUS enrollment in January. OUS updated enrollment projections completed in May. Possible Joint Boards discussion on student pipeline issues in March. Changing Directions Roundtable discussions February, March, and April. |
| • Increased diversity of students and faculty | April 2003 | Annual Report on Diversity to be presented in April. | Efficiency Initiative related to OSAC/ODA approval authority, included with LC 970 and 970-1. |
| • Academic Program Approval | May 2003 | | |

Strengthen the role of OUS and individual institutions working with the business community in support of Oregon’s **economic development**.

Develop policies to facilitate and direct the System and the universities to increase the effectiveness of their **partnerships** with other education sectors.

➢ Oregon K-12 education, to support seamless transitions through K-16.

➢ Oregon community colleges, to optimize access through dual enrollment, articulation, and transfer.
<table>
<thead>
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<th>Strategy</th>
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<tbody>
<tr>
<td>• Joint Boards Working Group</td>
<td></td>
<td>Strategic planning framework for K-16 under development. Initial discussions of quality and affordability.</td>
<td></td>
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<tr>
<td>• Joint Boards Articulation Committee</td>
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<tr>
<td>• Community college partnerships</td>
<td></td>
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<tr>
<td>Develop policies to maximize public services to other state and local government agencies, especially during times of constrained public funding.</td>
<td></td>
<td>An inventory of services and partnerships is in process, which will identify services provided through libraries, internships, Extension service, regional services institutes, and technology.</td>
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</tr>
<tr>
<td>Explore effectiveness of current governance structures as needs arise. Assess possible scope of local university advisory boards in light of progress on Flexibility (Efficiency) Initiatives presented to the 2003 Legislature, and determine whether formal Board policy statement is necessary.</td>
<td></td>
<td>To be determined later.</td>
<td>On hold.</td>
</tr>
</tbody>
</table>
**Framework for Discussion on Access & Enrollment Demand**

*Assuring that quality postsecondary education is accessible to all Oregonians*  
*(Initial Discussion)*

<table>
<thead>
<tr>
<th>Topic</th>
<th>Analysis/Information</th>
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<td>Specific policy focus</td>
<td>Ability to enroll; admission</td>
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<tr>
<td>Highest aspiration</td>
<td>College education for all</td>
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<td>Last dollar commitment</td>
<td>One dollar to one student enrolling for the first term</td>
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<tr>
<td>Progression from highest aspiration to last dollar commitment</td>
<td>Withdrawal of state support by student level; then when reduced to lower division (or first-year), reduction in state support per student at that student level.</td>
</tr>
<tr>
<td>Access dimensions</td>
<td>Use <em>Measuring Up</em> Participation variables as a starting framework</td>
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<tr>
<td>• For whom</td>
<td>Total unduplicated headcount enrollment</td>
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<tr>
<td></td>
<td>▪ Undergraduate residents</td>
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<tr>
<td></td>
<td>▪ Full-time for a full year</td>
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<td>▪ Part-time working student</td>
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<td>▪ Graduate students</td>
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<td></td>
<td>▪ Nonresidents</td>
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<tr>
<td>• College enrollment for high school students</td>
<td>Percent of Oregon high school freshmen who enroll in college in Oregon and in other states</td>
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<tr>
<td>• College enrollment for transfer students</td>
<td>Patterns of enrollment in Oregon community colleges and subsequent transfer to OUS</td>
</tr>
<tr>
<td>• Adult populations</td>
<td>Percent of 25-49 year old Oregonians enrolled in postsecondary education</td>
</tr>
<tr>
<td>• Historically under-served populations</td>
<td>Enrollment in OUS by race and gender</td>
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<td>• Specific academic programs</td>
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<td></td>
<td>Availability of the range of programs and disciplines to meet demand</td>
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<td>Connection to other strategic planning variables</td>
<td>Ability to pay for college enrollment</td>
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<tr>
<td>• Affordability</td>
<td>Willingness to take on debt to attend college (disproportionate effect on low income student?)</td>
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<tr>
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<td>Perception by students and families of college options available, based on total cost</td>
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<tr>
<td>• Enrollment management</td>
<td>Price elasticity of demand—student sensitivity</td>
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<tr>
<td>Quality</td>
<td>Tradeoffs between meeting enrollment demand and maintaining quality education under conditions of constrained resources</td>
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<tr>
<td>Mission differentiation</td>
<td>Availability and diversity of institutions and programs to meet all levels of student interest and capability</td>
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<td>Preparation for college</td>
<td>K-12 achievement and course taking in math, reading, science, and writing</td>
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<td>Preparation and articulation of community college transfers</td>
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<td>Efficiency initiatives</td>
<td>Tuition setting</td>
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<td>Commitment to accompany tuition increases with aid to the most financially needy students</td>
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<td>Public finance</td>
<td>Sources of financing (student, state, federal government, institutional aid)</td>
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<td>Diversity</td>
<td>Evidence that students of color have access to OUS</td>
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#### STATE COMPARISON RESULTS: INDEX SCORES ON PARTICIPATION

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<thead>
<tr>
<th>STATE</th>
<th>Grade</th>
<th>Category Score</th>
<th>High School to College Rate</th>
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<th>Adult Enrollment</th>
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<td>64</td>
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<td>75</td>
<td>81</td>
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<td>75</td>
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<td>82</td>
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</table>

The index scores convert the raw scores to a scale of 0 to 100, based on the best-performing states.


### Where Have Oregon’s Graduates Gone?

#### Results from the Class of 2001 Survey

- **Out of 100 high school graduates**
  - College: 75
    - College fall term: 69
    - College winter term: 6
    - 4-year college: 42
    - Oregon 4-year college: 31
    - Independent college: 6
    - Out-of-state 4-year college: 11
    - OUS: 25
    - Oregon community college: 30
    - Oregon private vocational: 1
    - Out-of-state two-year: 2
    - 21 will definitely or probably transfer to OUS later
  - No College: 25
    - Definitely enroll later: 8
    - Probably enroll later: 8
    - Will not enroll: 9

Source: OUS Institutional Research Services.
### Efficiency Initiatives Related to Access and Enrollment Demand

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Proposal</th>
<th>System Recommendation</th>
<th>Board Accountability Provisions</th>
</tr>
</thead>
</table>
| 1. Tuition and Fees                             | Vest institutions with responsibility for setting tuition and fees, within boundaries established by the Board. | • Board policy already provides maximum flexibility to campuses in setting non-resident tuition and fees.  
• Board will apply limitations based on fair share and predictability for resident undergraduate tuition.  
• Board will maintain its oversight for tuition charged to resident grad/professional students.  
• Board will require tuition remissions to support financially needy Oregon students to accompany tuition increases.  
  Tuition proposals from campuses will be accompanied by student impact analysis. |                                                                                                                                                                                                                                                                                                                                                                                                     |
| 2. Institutional Financial Aid                  | Give campuses greater flexibility to provide financial aid to students; tied to flexibility in setting tuition. | • Increase grants through OSAC for students  
• Adopt Board policy to ensure that a portion of tuition increases are set aside for financial aid for needy students  
  Fee remissions, scholarships, and other financial aid awarded to students, including information on student family income level, will be reported annually to the Board by campuses. |                                                                                                                                                                                                                                                                                                                                                                                                     |
| 3. Enrollment and Funding of Resident Undergraduates | • Limit total number of funded students to a level that provides adequate funding for each student.  
• Distribute funded students among institutions in an equitable way.  
• Determine the numbers of students to be accepted, based on the agreed upon funding level of RAM. | • Develop a System agreement among campuses for distribution of students by campus that will be supported if there is no increase in state General Fund and if GF support increases to the quality level requested in Board-approved budget.  
• Each campus that can enroll additional Oregon residents beyond level described above will identify available program capacity and provide assurance to teach out these students if GF support as described above does not increase in the future.  
  Annual audit report to the Board will be required of campuses. Definitions related to enrollment and program capacity will be defined by the Board in consultation with campus presidents. |                                                                                                                                                                                                                                                                                                                                                                                                     |
## Framework for Discussion on Affordability

**Assuring that postsecondary education is affordable to Oregonians**

<table>
<thead>
<tr>
<th>Topic</th>
<th>Analysis/Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific policy focus</td>
<td>Ability to pay</td>
</tr>
<tr>
<td>Highest aspiration</td>
<td>Pay all for all</td>
</tr>
<tr>
<td>Last dollar commitment</td>
<td>$1 to the highest need student</td>
</tr>
<tr>
<td>Progression from highest aspiration to last dollar commitment</td>
<td>By degree of need, to need of the lowest income student in the first term of enrollment, as a meaningful and sustained state commitment to affordability (decision about the role of choice, among programs and sectors)</td>
</tr>
</tbody>
</table>

### Affordability dimensions

- **For whom**
  - Undergraduate residents?
  - Full-time for a full year?
  - Part-time working student?

- **Family ability to pay**
  - Percent of family income (Exhibit 1)
  - Oregon Opportunity Grant as a policy tool (Exhibit 2)

- **Availability of need-based financial aid**
  - Percent of students incurring debt; average loan debt at graduation in OUS (Exhibit 3)
  - Recent tuition history (Exhibit 4)
  - Tuition rates in Western states (Exhibit 5)
  - Total student budget (Exhibit 6)
  - Full-time students who work; number of hours of work per week

- **Low student debt**

- **Manageable tuition rates**

- **Total costs, including tuition and fees, room and board, books, incidentals**

### Connection to other strategic planning variables

- **Access**
  - Willingness to take on debt to attend college (disproportionate effect on low income student?)
  - Perception by students and families of available college options, based on total cost

- **Enrollment management**
  - Price elasticity of demand
  - Need-based vs. merit-based institutional aid for recruitment/retention

- **Quality**
  - Admissions selectivity; retention and graduation rate; time to degree
  - Tuition setting

- **Efficiency initiatives (Exhibit 7)**
  - Commitment to accompany tuition increases with aid to the highest need students
  - Sources of financing (student, state, federal government, institutional aid)
  - Consideration of return on investment for the student (future earnings) (Exhibit 8)

- **Public finance**
### Exhibit 1

**Percent of Family Income Needed for College Expenses (minus financial aid)**

<table>
<thead>
<tr>
<th>State</th>
<th>Lowest Quintile</th>
<th>Rank</th>
<th>Second Lowest Quintile</th>
<th>Rank</th>
<th>Overall Grade 2002</th>
<th>Overall Grade 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>56%</td>
<td>30</td>
<td>26%</td>
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<td>F</td>
<td>D</td>
</tr>
<tr>
<td>Alaska</td>
<td>50%</td>
<td>17</td>
<td>23%</td>
<td>12</td>
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<td>Arizona</td>
<td>58%</td>
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<td>30%</td>
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<tr>
<td>Arkansas</td>
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<td>C+</td>
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<tr>
<td>California</td>
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<td>41</td>
<td>33%</td>
<td>48</td>
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<tr>
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<td>10</td>
<td>22%</td>
<td>8</td>
<td>F</td>
<td>D+</td>
</tr>
<tr>
<td>Tennessee</td>
<td>54%</td>
<td>25</td>
<td>27%</td>
<td>30</td>
<td>D-</td>
<td>C</td>
</tr>
</tbody>
</table>
### Exhibit 1
Percent of Family Income Needed for College Expenses (minus financial aid)

<table>
<thead>
<tr>
<th>State</th>
<th>Lowest Quintile</th>
<th>Rank</th>
<th>Second Lowest Quintile</th>
<th>Rank</th>
<th>Overall Grade 2002</th>
<th>Overall Grade 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td>56%</td>
<td>30</td>
<td>27%</td>
<td>30</td>
<td>D+</td>
<td>C</td>
</tr>
<tr>
<td>Utah</td>
<td>35%</td>
<td>1</td>
<td>17%</td>
<td>1</td>
<td>B</td>
<td>A</td>
</tr>
<tr>
<td>Vermont</td>
<td>89%</td>
<td>49</td>
<td>41%</td>
<td>50</td>
<td>F</td>
<td>D-</td>
</tr>
<tr>
<td>Virginia</td>
<td>50%</td>
<td>17</td>
<td>23%</td>
<td>12</td>
<td>B-</td>
<td>C</td>
</tr>
<tr>
<td>Washington</td>
<td>54%</td>
<td>25</td>
<td>24%</td>
<td>20</td>
<td>C-</td>
<td>B-</td>
</tr>
<tr>
<td>West Virginia</td>
<td>59%</td>
<td>34</td>
<td>29%</td>
<td>37</td>
<td>F</td>
<td>D</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>43%</td>
<td>9</td>
<td>20%</td>
<td>4</td>
<td>C</td>
<td>B+</td>
</tr>
<tr>
<td>Wyoming</td>
<td>45%</td>
<td>14</td>
<td>22%</td>
<td>8</td>
<td>D</td>
<td>C+</td>
</tr>
</tbody>
</table>


**Note:** Community college and private college information is not included in the table above. The data are available from *Measuring Up 2002.*

**Explanation:** After subtracting available financial aid, Oregon families in the bottom income group (lowest 20%) would need to provide 69% of their income to pay for college at an OUS campus. To attend an Oregon community college that same family would need to devote 52% of their income for college expenses. To attend a private college in Oregon would require 152% of that family’s income.

Attending college in the state of Washington is more affordable since percentage of family income from the state’s lowest income group (lowest 20%) needed to attend a public four-year college would be 54%. Community colleges would require 49% and Washington’s private colleges would require 144% of the annual family income.
Exhibit 2
Oregon Opportunity Grant
Eligible Grant Applicants and Award Recipients

Source: Oregon Student Assistance Commission.

Notes
After budget reductions, the 2002-03 Oregon Opportunity Grant provides less than 10% of total cost of attendance
- Down from 11% in 2001-02
- Target level of support is 15%
Opportunity grant program will fund only one of every three eligible applicants in 2003-04

Exhibit 3
Student Debt

Proportion of Students Incurring Loan Debt
On OUS Campuses (2000-01)

<table>
<thead>
<tr>
<th>Institution</th>
<th>Eligible Applicants</th>
<th>Award Recipients</th>
<th>Proportion (%)</th>
<th>Average Student Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIT</td>
<td>30,954</td>
<td>15,710</td>
<td>73.4%</td>
<td>$17,039</td>
</tr>
<tr>
<td>SOU</td>
<td>33,562</td>
<td>17,895</td>
<td>64.3%</td>
<td>$16,672</td>
</tr>
<tr>
<td>EOU</td>
<td>41,181</td>
<td>18,623</td>
<td>60.2%</td>
<td>$14,147</td>
</tr>
<tr>
<td>OSU</td>
<td>44,824</td>
<td>18,572</td>
<td>55.2%</td>
<td>$16,772</td>
</tr>
<tr>
<td>PSU</td>
<td>54,057</td>
<td>20,661</td>
<td>55.0%</td>
<td>$18,554</td>
</tr>
<tr>
<td>UO</td>
<td>52,5%</td>
<td>$15,784</td>
<td></td>
<td>$15,784</td>
</tr>
<tr>
<td>WOU</td>
<td>40.3%</td>
<td>$16,800</td>
<td></td>
<td>$16,800</td>
</tr>
<tr>
<td>National</td>
<td>64.0%</td>
<td></td>
<td></td>
<td>$16,928</td>
</tr>
</tbody>
</table>

*Average student debt for 1999-00
Exhibit 4
OUS Tuition and Fees, 1980 to 2002
Undergraduate Resident Tuition and Fees

Source: OUS Academic Year Fee Book.

EXHIBIT 5
Resident Undergraduate Tuition & Fees in Western States 2002-03

<table>
<thead>
<tr>
<th>State</th>
<th>2002-03</th>
<th>2001-02</th>
<th>% Change</th>
<th>Proposals for 2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arizona</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,583</td>
<td>2,485</td>
<td>3.9%</td>
<td>Resident UG: +38.6%; Resident Grad: +48.2%</td>
</tr>
<tr>
<td>California</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>California State University</td>
<td>1,943</td>
<td>1,876</td>
<td>3.6%</td>
<td>Resident UG: +25%</td>
</tr>
<tr>
<td>University of California</td>
<td>3,850</td>
<td>3,859</td>
<td></td>
<td>UG: +11.8%; Grad: +11.2%</td>
</tr>
<tr>
<td>Colorado</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado State U &amp; Univ</td>
<td>3,501</td>
<td>3,305</td>
<td>5.9%</td>
<td>Board approved +6.2% for residents; +9% nonresidents</td>
</tr>
<tr>
<td>Colorado Boulder</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Idaho</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,055</td>
<td>2,728</td>
<td>12.0%</td>
<td></td>
</tr>
<tr>
<td>Lewis-Clark State College</td>
<td>2,852</td>
<td>2,554</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>Montana</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Montana State U &amp; University of Montana</td>
<td>3,996</td>
<td>3,451</td>
<td>15.8%</td>
<td></td>
</tr>
<tr>
<td>Nevada</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Nevada</td>
<td>2,490</td>
<td>2,415</td>
<td>3.1%</td>
<td></td>
</tr>
<tr>
<td>New Mexico</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>New Mexico State U and Univ</td>
<td>3,192 U</td>
<td>3,033</td>
<td>5.2%</td>
<td></td>
</tr>
<tr>
<td>New Mexico</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large universities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4,088</td>
<td>3,926</td>
<td>4.1%</td>
<td></td>
</tr>
<tr>
<td>Regional universities</td>
<td>3,732</td>
<td>3,635</td>
<td>2.7%</td>
<td></td>
</tr>
<tr>
<td>Oregon</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utah State U &amp; University of Utah</td>
<td>3,112</td>
<td>2,817</td>
<td>10.5%</td>
<td>Expect +9-11%</td>
</tr>
<tr>
<td>Utah</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washington</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WSU &amp; Univ Washington</td>
<td>4,543</td>
<td>3,941</td>
<td>15.3%</td>
<td>+9%</td>
</tr>
<tr>
<td>Regionals &amp; Evergreen</td>
<td>3,463</td>
<td>3,059</td>
<td>13.2%</td>
<td></td>
</tr>
</tbody>
</table>

Wyoming
<table>
<thead>
<tr>
<th></th>
<th>2002-03</th>
<th>2001-02</th>
<th>% Change</th>
<th>Proposals for 2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Wyoming</td>
<td>2,997</td>
<td>2,807</td>
<td>6.8%</td>
<td></td>
</tr>
</tbody>
</table>

**Exhibit 6**

OUS Student Budget

OUS Estimated Costs for Resident Undergraduate, 2002-03
Total = $13,211

- Tuition & Fees: 29% ($3,890)
- Room & Board: 46% ($6,093)
- Books & Supplies: 8% ($1,002)
- Personal Expenses: 17% ($2,226)

**Source:** OUS Viewbook 2003-04.
### Exhibit 7
#### Efficiency Initiatives Related to Affordability

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Proposal</th>
<th>System Recommendation</th>
<th>Board Accountability Provisions</th>
</tr>
</thead>
</table>
| 1. Tuition and Fees             | Vest institutions with responsibility for setting tuition and fees, within boundaries established by the Board. | • Board policy already provides maximum flexibility to campuses in setting non-resident tuition and fees.  
• Board will apply limitations based on fair share and predictability for resident undergraduate tuition.  
• Board will maintain its oversight for tuition charged to resident grad/professional students.  
• Board will require tuition remissions to support financially needy Oregon students to accompany tuition increases. | Tuition proposals from campuses will be accompanied by student impact analysis. |
| 2. Institutional Financial Aid | Give campuses greater flexibility to provide financial aid to students; tied to flexibility in setting tuition. | • Increase grants through OSAC for students  
• Adopt Board policy to ensure that a portion of tuition increases are set aside for financial aid for financially needy students | Fee remissions, scholarships, and other financial aid awarded to students, including information on student family income level, will be reported annually to the Board by campuses. |
**EXHIBIT 8**

Return on Investment (future earnings)

Mean Annual Income of Adult Workers by Highest Educational Attainment

<table>
<thead>
<tr>
<th>Education Attainment</th>
<th>Mean Annual Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Some high school, no diploma</td>
<td>$18,062</td>
</tr>
<tr>
<td>High School Graduate/GED</td>
<td>$26,059</td>
</tr>
<tr>
<td>Some college, no degree</td>
<td>$28,548</td>
</tr>
<tr>
<td>Associate Degree</td>
<td>$33,541</td>
</tr>
<tr>
<td>Bachelor’s Degree</td>
<td>$49,674</td>
</tr>
<tr>
<td>Master’s Degree</td>
<td>$61,033</td>
</tr>
<tr>
<td>Doctoral Degree</td>
<td>$79,986</td>
</tr>
<tr>
<td>Professional Degree</td>
<td>$94,399</td>
</tr>
</tbody>
</table>

AGENDA

1. Call To Order/Roll Call

2. Approval of Minutes
   - October 18, 2002, Budget & Finance Committee Meeting Minutes
   - January 17, 2003, Budget & Finance Committee Meeting Minutes

3. Action Items
   a. Report on 2002-03 Tuition Surcharge Rates
      Report to the Board on final tuition surcharge rates assessed by institutions for winter and spring term following Board approvals in December 2002 and January 2003. (See Supplementary Material – Appendix “D”)
   b. Annual Financial Audit Report
      The Annual Financial Audit Report will be presented to the Board for their acceptance. External auditor observations regarding internal controls and management’s responses to those observations will also be discussed.
   c. Sale of Land and Approval of Housing and Academic Services Agreement, PSU
      Portland State University (PSU) seeks Board approval to authorize the sale of two parcels of land with office facilities and associated parking, located at 621 SW Jackson Street and 1975 SW Sixth Avenue in Portland, Oregon, to Broadway Housing LLC, a wholly owned limited liability corporation affiliated with the PSU Foundation, for $625,000 for both parcels.
   d. Resolution for the Sale of Article XI-G Bonds
      This resolution before the Board authorizes staff to pursue the sale of bonds for all projects currently identified by the campuses as needing bond funding consistent with the overall bond limitation imposed by the Legislature for the period 2001-2003. With this sale, a total of $101,184,758 of Article XI-G bonds will have been sold during the biennium. (See Supplementary Material – Appendix “E”)
4. **Consent Items**

   a. **OSU Veterinary Medicine Additional Funding Request**

      Staff recommends that the Board approve Oregon State University’s request to authorize the Vice Chancellor of Finance and Administration, or designee, to seek additional Legislative spending limitation for $2.2 million in unforeseen costs associated with the OSU Veterinary Medicine Additional Funding Request.

   b. **OSU Intercollegiate Athletics Department Fiscal Status Report, December 31, 2002**

      The purpose of this report is to communicate the fiscal status of the Intercollegiate Athletics Department of Oregon State University in accordance with the request of the Budget and Finance Committee. In their April 19, 2002, meeting, the Committee requested monthly reports on the financial condition of OSU Athletics in order to more closely monitor the progress being made by Athletics in meeting their deficit reduction commitments.

5. **Report Item**

   a. **Report on the History and Current Status of Fee Remissions**

      Report on the role of fee remissions in financial aid and the financial relationship of the fee remission programs to tuition, reviewing the dollar amounts of remission levels and numbers of participants annually since 1997-98. (See Supplementary Material – Appendix “F”)

6. **Adjournment**
Report on 2002-03 Tuition Surcharge Rates

Background
During the 2001-2003 biennium the Oregon Legislature met in five Special Sessions to direct a series of state appropriation reductions from the amounts first set by the 2001 Legislature. In the fifth Special Session the Legislature referred Measure 28, an income tax surcharge, to be voted on in a special election on January 28, 2003.

In anticipation of the possible defeat of that measure and in attempt to mitigate the impact of the pending cuts, the Board approved a temporary rule amending the 2002-03 Academic Year Fee Book (OAR 580-040-0040) authorizing tuition surcharges to be assessed winter and spring terms. This action was first approved by the Executive Committee of the Board on November 15, 2002, and subsequently ratified by the full Board December 20, 2002. Institutions were given the option of assessing the surcharges in advance of the election with the directive to refund them if Measure 28 passed, or to delay until after the election and then assess winter term enrollees. EOU, OIT, PSU, SOU, and WOU elected to assess the surcharges in advance. OSU and UO elected to delay assessment until after January 28, 2003.

As the state’s economic outlook continued to decline, an additional state appropriation reduction was ordered by the Governor in December 2002. Subsequently, on January 17, 2003, the Board approved supplemental tuition surcharges requested by OSU, SOU, and UO to help offset this further reduction.

Since the first tuition surcharges were approved in November 2002, well in advance of the January 28, 2003, election, the approved rates of the surcharges were allowed to be considered preliminary. The staff had assured the Board it would report to the Board, at the first opportunity following the January election outcome, the final tuition surcharge rates being assessed.

Following are the individual institution decisions on the 2002-03 tuition surcharges.

Institution Decisions

EOU
EOU began assessing its tuition surcharges with the beginning of winter term and will continue spring term. Undergraduates are assessed $12.50 per credit hour for all credit hours enrolled. Graduates are assessed $50 per credit hour for all credit hours enrolled.

Total tuition and fees for undergraduates taking 14 credit hours will increase 14.3 percent and graduates taking 11 credit hours will increase 25.4 percent for residents and 14.5 percent for nonresidents over the original 2002-03 rates. The surcharge is expected to generate approximately $1 million over the two terms.
EOU intends to assess a tuition surcharge in summer term of $12.50 per credit hour for undergraduates and $50 per credit hour for graduates, the same surcharge being assessed spring term.

**OIT**
OIT began assessing its tuition surcharges with the beginning of winter term and will continue spring term. All students are assessed $12.50 per credit hour up to the plateau, with additional charges above the plateau.

Total tuition and fees for undergraduates taking 14 credit hours will increase 11.7 percent for residents and 3.4 percent for nonresidents; for graduates taking 11 credit hours, the rates will increase 6.4 percent for residents and 3.7 percent for nonresidents over the original 2002-03 rates. The surcharge is expected to generate approximately $577,000 over the two terms.

OIT intends to assess a tuition surcharge in summer term of $12.50 per credit hour, the same surcharge being assessed spring term.

**OSU**
OSU delayed assessment of its surcharges until after the January 28, 2003, Special Election. It had also determined to assess the supplemental tuition surcharge approved in January. It will now assess the combined surcharges for winter term and will continue spring term. Undergraduates are assessed $13 per credit hour up to a maximum of $157. Graduates are assessed $17 per credit hour up to a maximum of $157.

Total tuition and fees for undergraduates taking 14 credit hours will increase 11.7 percent for residents and 3.2 percent for nonresidents; for graduates taking 11 credit hours, the rates will increase 6.0 percent for residents and 3.5 percent for nonresidents over the original 2002-03 rates; for Pharm D students taking 14 credit hours, the tuition and fee rates will increase 5.1 percent for residents and 2.5 percent for nonresidents; and, Vet Med tuition and fees will increase 3.8 percent for residents and 2.0 percent for nonresidents. The surcharges are expected to generate approximately $5.2 million over the two terms.

OSU is not assessing any tuition surcharges at its Cascades Campus since the 2001-2003 budget reductions separately impacted this campus.

OSU does not intend to assess any surcharges during summer term.

**PSU**
PSU began assessing its tuition surcharges with the beginning of winter term and will continue spring term. Undergraduates were assessed $10 per credit hour up to a maximum of $120. Graduates are assessed $14 per credit hour up to a maximum of $126.
Total tuition and fees for undergraduates taking 14 credit hours will increase 9.3 percent for residents and 2.7 percent for nonresidents; for graduates taking 11 credit hours the rates will increase 5.2 percent for residents and 3.1 percent for nonresidents over the original 2002-03 rates. The surcharge is expected to generate approximately $3.1 million over the two terms.

PSU intends to assess a tuition surcharge in summer term of $10 per credit hour for undergraduates and $14 per credit hour for graduates, the same surcharge being assessed spring term.

**SOU**

SOU began assessing its first tuition surcharge with the beginning of winter term. It had also determined to assess the supplemental tuition surcharge on resident students approved in January 2003, but will not assess a combined surcharge until spring term. Resident undergraduates are assessed $4.16 per credit hour winter term and $9.16 per credit hour spring term up to the plateau, with additional charges above the plateau. Nonresident undergraduates are assessed $10 per credit hour up to the plateau with additional charges above the plateau. Resident graduates are assessed $10 per credit hour winter term and $12.25 per credit hour spring term, up to the plateau with additional charges above the plateau. Nonresident graduates are assessed $16.66 per credit hour, up to the plateau, with additional charges above the plateau.

Total tuition and fees for undergraduates taking 14 credit hours will increase 8.9 percent for residents and 3.1 percent for nonresidents; for graduates taking 11 credit hours the rates will increase 5.1 percent for residents and 4.0 percent for nonresidents over the original 2002-03 rates. The surcharge is expected to generate approximately $725,000 over the two terms.

SOU intends to assess a tuition surcharge in summer term of $6.50 per credit hour for undergraduates. This is $2.66 less than the combined spring term surcharges.

**UO**

UO delayed assessment of its surcharges until after the January 28, 2003, Special Election. It had also requested approval to assess the supplemental tuition surcharge on all students as approved in January but, at the time of this report, had not yet decided whether or not to assess a combined surcharge spring term. All students are assessed $10 per credit hour winter term and may be assessed $13 per credit hour spring term for all credit hours enrolled. Law students are assessed $15 per credit hour for winter and spring term for all credit hours enrolled.

Total tuition and fees for undergraduates taking 14 credit hours will increase 12.5 percent for residents and 3.4 percent for nonresidents; for graduates taking 11 credit hours, the rates will increase 5.5 percent for residents and 3.2 percent for nonresidents; and for Law students taking 11 credit hours, the rates will increase 2.5 percent for residents and 1.8 percent for nonresidents over the original 2002-03 rates. The initial surcharge approved in December 2002, is expected to generate approximately $4.2
million over the two terms. If the supplemental surcharge is assessed spring term it is estimated to generate an additional $700,000.

UO intends to assess the $10 per credit hour surcharge summer term.

**WOU**

WOU began assessing its tuition surcharges with the beginning of winter term and will continue spring term. All students are assessed $12 per credit for the first hour. Undergraduates will be assessed an additional $8 per credit hour up to the plateau, with additional charges above the plateau. Graduates will be assessed an additional $11 per credit hour up to the plateau, with additional charges above the plateau.

Total tuition and fees for undergraduates taking 14 credit hours will increase 8.1 percent for residents and 2.5 percent for nonresidents; and graduates taking 11 credit hours will increase 4.6 percent for residents and 2.6 percent for nonresidents over the original 2002-03 rates. The surcharge is expected to generate approximately $500,000 over the two terms.

WOU intends to assess a tuition surcharge in summer term of $8 per credit hour for undergraduates and $11 per credit hour for graduates, the same surcharge being assessed spring term.

*Supplemental Material*

A summary of the tuition surcharges by institution is included in the supplemental material to this docket item.

*Staff recommendation to the Budget and Finance Committee*

Staff recommends that the Board approve the report on the 2002-03 Tuition Surcharge Rates as submitted.

*(Board action required.)*
Annual Financial Audit Report

Summary
The report titled Annual Financial Statements 2001-2002 (see supplemental materials) was prepared by the Chancellor’s Office and the financial statements included within were audited by Moss-Adams, LLP, under contract to the Secretary of State, Audits Division. The audit opinion issued by Moss-Adams, LLP, is an unqualified opinion, which means that their opinion as to the fair presentation of the financial statements was issued without qualification.

The information included in the report differs significantly from prior years due to the implementation of Governmental Accounting Standards Board (GASB) statement number 35, as well as other related GASB statements. These new accounting principles are intended to provide for greater comparability between the financial statements of public and private higher education institutions as well as make them more reader-friendly by making them similar to financial statements of private industry.

The most obvious difference is the format of the financial statements; moving from a multi-column format, which separated the financial activity by major fund group, to a single column format, which combines all fund groups and eliminates interfund transactions. Other significant changes include: the addition of a narrative section called “Management’s Discussion and Analysis,” which is intended to provide an objective and easily readable analysis of OUS’s financial activities; classifying assets and liabilities on the statement of net assets into “current” and “non-current” classifications; replacing the term “fund balance” on the statement of net assets with “net assets” to more clearly reflect the nature of the amounts presented; recording depreciation on capital assets; capitalizing expenditures made for capital assets; displaying net income or loss from operations; reporting appropriations as “non-operating” income; and including a statement of cash flows.

As stated above, Moss-Adams, LLP, has audited the financial statements of OUS and, in conjunction with that audit, has issued a letter to OUS Management (see supplemental materials) communicating observations and recommendations relating to OUS internal controls. OUS Management has issued a letter in response to these observations and recommendations (see supplemental materials) that includes general agreement with the observations and planned actions in response. None of the observations made by Moss-Adams, LLP, represent significant deficiencies in the design or operation of internal control.

Staff Recommendation to the Budget and Finance Committee
Staff recommends that the Budget and Finance Committee accept the Annual Financial Statements 2001-2002.

(Board action required.)
Sale of Land and Approval of Housing and Academic Services Agreement, PSU

Summary
Portland State University (PSU) seeks Board approval to authorize the Vice Chancellor of Finance and Administration to complete the proposed sale of two parcels of land with office facilities and associated parking, located at 621 SW Jackson Street and 1975 SW Sixth Avenue in Portland, Oregon, to Broadway Housing LLC, a wholly owned limited liability corporation affiliated with the PSU Foundation, for $625,000 for both parcels. Board approval is being sought to sell the facilities at cost and enter into an agreement that will result in the construction of a 10-story multi-purpose facility featuring first floor retail, second floor academic space, and eight floors of student housing with approximately 380 studio apartments. This $49 million facility will be owned by Broadway Housing, LLC, and will be operated and managed in accordance with University specifications. This 10-story, approximately 220,000 square foot facility will occupy three-quarters of a block, bounded by Broadway Street (to the west), Jackson Street (to the south), 6th Avenue (to the east), and College Street (to the north). Plans call for groundbreaking in April 2003, with construction to be completed by August 2004. It is imperative that the facility be completed in time to meet the housing and academic needs associated with Fall 2004 enrollments.

Staff Report to the Board:

Background
During fall term 2002, PSU had an enrollment of nearly 23,000 students yet has only 919 student housing units to service this demand. A 2002 OUS study conducted by Anderson, Strickler LLC, entitled “Public Private Partnerships for Student Housing,” indicated that PSU is operating at capacity with a 98 percent occupancy for the academic year and that “there is pent up demand for more housing.” As evidence of this fact, the University currently has a waiting list for student housing that averages 500 students at any one time, with many more students who express interest in campus housing yet fail to sign up on this wait list as they feel the campus housing situation is hopeless. In addition, the PSU Admissions office reports that many potential students and parents (especially those from far away places in Oregon, out-of-state, and international areas) who have applied for admission and intend to enroll are lost due to this housing shortage. The University is embarking on a strategy for managing the budget reductions being encountered today by recruiting and enrolling more non-resident and international students as these students pay higher non-resident tuition. As mentioned above, a critical component of non-resident recruitment involves the availability of convenient and affordable student housing, which is presently in short supply.

The facility will also provide needed retail services to students residing in the building, as well as serving the campus and neighborhood demands and will provide the University with needed academic space. Finally, the project will provide needed urban renewal for an area of campus that is currently underdeveloped and will assist in
economic development through the provision of construction jobs, retail and facility/housing management job opportunities.

**Terms of the Proposed Transactions**
The facility will be funded with a combination of tax-exempt and taxable economic development revenue bonds issued by the City of Portland, through the Portland Development Commission. The tax-exempt bonds will cover the costs of the academic space, eight floors of housing, and a portion of the retail space (up to the maximum allowed under the private activity limitations associated with tax-exempt financing). The balance of the financing will be funded by taxable bonds. The tax-exempt bonds issued will have a 40-year term in order to keep tenant rents to a minimum. The taxable bonds will have an 18-year term in order to limit the higher costs associated with taxable issuances. The bonds will be issued by Key Bank and will be insured by Ambac Financial.

The bond proceeds will be loaned to Broadway Housing LLC, a wholly owned LLC of the PSU Foundation. Pursuant to the loan documents, Broadway Housing LLC, will use the proceeds to: 1) purchase the land; and 2) build and operate the facility to PSU specifications as described above for the benefit of PSU. Broadway Housing will use the initial bond proceeds to purchase title to the land upon which this facility is to be built. The project combines several parcels of land comprising three-quarters of a block or 30,000 square feet. The two parcels that are owned by PSU/Board of Higher Education (the Beau Bradley properties acquired by PSU in March 2002) will require the approval of the Board to sell and complete the required property disposition processes in accordance with Department of Administrative Services rules. It is PSU's intention to sell these parcels to Broadway Housing LLC, at cost due to the desire to keep project costs and therefore future student rents to a minimum. The other two parcels are owned by Urban Housing (the entity in which PSU engaged in a land lease earlier this fall). The sale of these Urban Housing properties to Broadway Housing LLC, will result in the cancellation of these pre-existing lease agreements and obligations between PSU and Urban Housing.

Broadway Housing LLC, will enter into a Development Agreement or Construction Management Agreement with Urban Housing LLC, an affiliate of Gerding Edlen Development Company. This agreement will call for the construction of the building according to agreed construction documents and will have required performance bonds. The agreement will also require that the project be developed in compliance with the public works statutes, including required payment of prevailing wage rates.

Broadway Housing or its designee will enter into: 1) rental contracts with PSU students, 2) a lease or license agreement with PSU for the use of the academic space on the second floor, and 3) retail lease agreements with the retail tenants on the first floor. Student housing rents are currently estimated to be in the $540-$560 per month range and cost-saving value engineering and other efforts are underway to reduce these rents as much as possible in order to offer students affordable housing. All rent payments will be paid to Broadway Housing LLC, and will be deposited into a trust fund established by
the Bond issuer or insurer to 1) make bond payments when due, and 2) establish a reserve for operating expenses for the facility.

Subject to Board approval, PSU will enter into a Housing and Academic Services agreement with Broadway Housing LLC. Pursuant to this agreement, Broadway Housing LLC, will own and operate the building in accordance with PSU’s needs for housing, academic, and ancillary retail space. The term of this agreement will mirror the 40-year term of the bonds. The building will be operated by Broadway Housing LLC, although they may contract the management out to a party acceptable to PSU, or have PSU perform these management services directly.

The fee paid by PSU to Broadway Housing LLC, will roughly equal: 1) the difference (if any) between the bond payments and the rental deposits; 2) a lease or rental fee for the academic floor; 3) the difference (if any) between the operating costs of the building and the rental deposits and operating reserve funds of Broadway Housing LLC; and 4) a reasonable management fee. If PSU is called upon to make any payments with regard to items 1 and 3 in the previous sentence, such payments shall be reimbursed by Broadway Housing LLC, (with interest) at such time as it begins to establish a surplus in its rental collection fund. Total annual rents from the facility are estimated at $3.4M. Annual expenses are estimated as follows: debt service $2.8M, operating costs, including maintenance of required reserves $.5M, and management fees of $.1M.

Eric Iverson and Wendy Robinson, assistant attorney generals with the Department of Justice, have been working with PSU and Chancellor’s Office staff to ensure that all terms and conditions outlined above are legally sufficient and are done in compliance with applicable State and OUS regulations and procedures.

Legal Considerations
The following conditions remain open and must be satisfactorily resolved prior to settlement:

Seller - PSU
Approval by the State Board of Higher Education.
Conveyance approved by the Assistant Attorney General and executed by the Board President and Secretary.

Buyer- Broadway Housing LLC
Acceptance of the purchase price; $625,00 plus closing costs.

Staff Recommendation to the Budget and Finance Committee
Staff recommends that the Board approve Portland State University’s request to perform the following actions, assuming that all conditions are met and that the final details are agreed upon by all parties, subject to final approval by the Vice Chancellor for Finance and Administration.
• Sell two properties, located at 612 SW Jackson Street and 1975 SW Sixth Street in Portland, Oregon, to Broadway Housing LLC, for $625,000.
• Enter into a Housing and Academic Services Agreement with Broadway Housing for a term of forty years.
• Request the Chancellor and Board to acknowledge, in accordance with the requirements of the administrative rules governing University/Foundation relationships (OAR 580-046-020), that the Foundation has established a limited liability corporate affiliate for the purpose of providing student housing services to PSU.

(Board action required.)
Resolution for the Sale of Article XI-G Bonds

<table>
<thead>
<tr>
<th>2003 Spring Bond Sale for Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Campuses Served with 5 Individual Projects</td>
</tr>
<tr>
<td>A Total of $61,330,500 Recommended for Sale</td>
</tr>
</tbody>
</table>

Summary
Staff recommends the Board request the State Treasurer to issue $61,330,500 of bonds for construction projects under authority of Article XI-G of the Oregon Constitution. This sale is currently scheduled to be held in May 2003.

Staff Report to the Board
Background. The 2001 Legislative Assembly authorized the Board of Higher Education to issue general obligation bonds, in specified amounts by fiscal year, with the proceeds to be used to finance capital construction and facilities repair and renovation projects in higher education. These bonds were authorized under two sections of the Oregon Constitution, Article XI-G and Article XI-F(1).

Article XI-G bonds are issued to construct and repair facilities classified as Education and General use, including classroom facilities, libraries, teaching laboratories, and general administrative space. These bonds are matched by an appropriation from the state General Fund and are general obligations of the state; the debt service is paid from the General Fund. The Legislature also established a mechanism whereby the General Fund match may be generated through gifts and/or federal and local governmental funds. These are first deposited to special project accounts in the Treasury and then treated as General Fund moneys for purpose of the match.

Article XI-F(1) bonds are issued to construct and repair facilities that are self-financing and self-supporting as determined by the Board, in accordance with Article XI-F(1) of the Oregon Constitution. Bonds of this type have been issued to cover projects for the construction and renovation of auxiliary enterprises space (such as parking facilities or student housing) where the source of debt service is from auxiliary funds. Bonds have also been approved for projects in student facilities (such as student unions, student health facilities, or student recreation facilities) where the debt service is repaid from the student building fee or from a special fee approved for this purpose by the Board. The preponderance of bonds sold for capital construction in higher education has been under Article XI-F(1).

2001-2003 Higher Education Bond Bill Authorization. House Bill 2276 authorized a maximum issuance of $108,835,776 of Article XI-G bonds and a maximum issuance of $308,109,808 of Article XI-F(1) bonds. Due to a conflict with the existing limitation for Article XI-G bond issuance for the 2001-03 biennium, between the Capital Construction Bill and the Bond Bill, separate legislation is being introduced this session to correct SB
5525, which was not amended correctly to account for an increase in the amount of Article XI-G bonds to finance OSU's new Engineering Building.

Request for Board Authorization to Issue. The institutions are now seeking authorization from the Board to issue a total of $61,330,500 in Article XI-G bonds, as part of a sale currently planned by the State Treasurer for May 2003. All projects to be financed by these bonds have been authorized by the State Legislature or the Emergency Board of the State Legislature.

Prior to sale, a portion of the sale may be designated as taxable, due to space utilization by private entities in the projects to be financed under this sale. At present, the percentage of the total square footage for private use affected under this sale is not sufficient to cause any portion of the sale to be taxable.

Several tables are provided herein:

- Table A, also included in the resolution, identifies the Article XI-G projects recommended for the Spring 2003 Bond Sale.
- Table B displays information on Article XI-G bonded debt, beginning with 1991-1993, through 2001-2003. It compares the amount of the debt service paid with the total biennial budget for E&G all sources and General Fund E&G.
- Table C projects annual Article XI-G bonded debt outstanding and annual debt service beginning with the 1997-1999 biennium through 2004-2005, assuming approval of the proposed Spring 2003 Bond Sale.

In addition, summary information on each of the projects included in the proposed sale is provided in a supplement to this item.

Resolution for the Sale of Bonds for Capital Projects
The resolution before the Board authorizes staff to pursue the sale of bonds for all projects currently identified by the campuses as needing bond funding consistent with the overall bond limitation imposed by the Legislature for the period 2001-2003. With this sale, a total of $101,221,792 of Article XI-G bonds will have been sold during the biennium.

Staff Recommendation to the Budget and Finance Committee
Staff recommends the Board: 1) adopt the following resolution for authorizing the sale of Article XI-G bonds for capital projects.

(Board action required.)
RESOLUTION FOR THE SALE OF BONDS FOR CAPITAL PROJECTS

WHEREAS, ORS 286.031 states, in part, that the State Treasurer shall issue all general obligation bonds of this state after consultation with the state agency responsible for administering the bonds proceeds; and

WHEREAS, ORS 286.033 states, in part, that the state agency shall authorize issuance of bonds subject to ORS 286.031 by resolution; and

WHEREAS, ORS Chapters 351, 288, and 286 provide further direction as to how bonds are sold and proceeds administered; and

WHEREAS, House Bill 2276, Chapter 849, Oregon Laws 2001, establishes Oregon Constitution limitations on the amount of bonds that may be sold pursuant to Articles XI-G and XI-F(1) for the 2001-2003 biennium; and

WHEREAS, Senate Bill 5525, Chapter 845, Oregon Laws 2001, lists those projects that may be financed pursuant to Articles XI-G and XI-F(1); and

WHEREAS, Chapter 890, Oregon Laws 1999, lists those projects that may be financed pursuant to Articles XI-G and XI-F(1) of the Oregon Constitution; and

WHEREAS, it is appropriate for this Board to authorize the State Treasurer to issue bonds for projects authorized by previous Legislation and pending bills, once adopted by the Legislature and signed into law by the Governor, and in amounts not greater than authorized by the bond bill and for other projects as may be provided by law and as otherwise required by law for the 2001-2003 biennium without requiring further action of this Board;

NOW, THEREFORE, be it resolved by the State Board of Higher Education of the State of Oregon as follows:

Section 1. Issue. The State of Oregon is authorized to issue general obligation bonds (the "Bonds"), in such series and principal amounts as the State Treasurer, after consultation with the Vice Chancellor for Finance and Administration of the Department of Higher Education, shall determine are required to fund projects authorized by Oregon law. The Bonds shall be designated, dated, authenticated, registered, shall mature, shall be in such denomination, shall bear such interest, be payable, be subject to redemption, and otherwise contain such terms as the State Treasurer determines, including the designations as Oregon Baccalaureate Bonds, after consultation with the Vice Chancellor for Finance and Administration. The maximum net effective interest rate for the Bonds shall not exceed 10 percent per annum.

Section 2. Article XI-F(1) Projects. N/A
Section 3. Article XI-G Projects. Bonds are authorized to be sold to provide funds for projects previously authorized or as may be authorized by the Oregon Legislature and as may be revised by the Vice Chancellor for Finance and Administration as authorized by Oregon law.

**Table A - Article XI-G Projects Recommended for Spring 2003 Bond Sale**

<table>
<thead>
<tr>
<th>Article XI-G Projects</th>
<th>Estimated Bond Cost</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU-Regional Agricultural, Health and Life Sciences Building</td>
<td>$14,470,500</td>
<td>30 years</td>
</tr>
<tr>
<td>OSU – Veterinary Medicine Small Animal Hospital</td>
<td>$4,000,000</td>
<td>30 years</td>
</tr>
<tr>
<td>PSU – Northwest Engineering Science Center</td>
<td>$26,500,000</td>
<td>30 years</td>
</tr>
<tr>
<td>SOU - Library</td>
<td>$10,000,000</td>
<td>30 years</td>
</tr>
<tr>
<td>UO – Museum of Art Addition &amp; Alteration</td>
<td>$6,360,000</td>
<td>30 years</td>
</tr>
<tr>
<td><strong>TOTAL XI-G Projects</strong></td>
<td><strong>$61,330,500</strong></td>
<td><strong>NA</strong></td>
</tr>
</tbody>
</table>

Section 4. Maintenance of Tax-Exempt Status. The Board covenants for the benefit of the owners of the Bonds to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code"), that are required for Bond interest to be excluded from gross income for federal income taxation purposes (except for taxes on corporations), unless the Board obtains an opinion of nationally recognized bond counsel that such compliance is not required in order for the interest to be paid on the Bonds to be so excluded. The Board makes the following specific covenants with respect to the Code:

(a) The Board shall not take or omit any action if the taking or omission would cause the Bonds to become "arbitrage bonds" under Section 148 of the Code, and shall assist in calculations necessary to determine amounts, if any, to allow the State to pay to the United States all "rebates" on "gross proceeds" of the Bonds that are required under Section 148 of the Code.

(b) Covenants of the Board or its designee in its tax certificate for the Bonds shall be enforceable to the same extent as if contained herein.

Section 5. Sale of Bonds. The State Treasurer, with the concurrence of the Vice Chancellor for Finance and Administration, shall sell the Bonds as the State Treasurer deems advantageous.

Section 6. Other Action. The State Treasurer, the Vice Chancellor for Finance and Administration, or the Controller of the Department of Higher Education is hereby
authorized, on behalf of the Board, to take any action that may be required to issue, sell, and deliver the Bonds in accordance with this resolution.

Additional Information on Debt and Debt Service

**Table B - Article XI-G Bonded Debt Historical Trends**
(dollars in millions)

<table>
<thead>
<tr>
<th>Biennial E&amp;G All Sources*</th>
<th>Debt Service Percent of E&amp;G Total</th>
<th>General Fund E&amp;G</th>
<th>Debt Service General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-1993 $818</td>
<td>1.55%</td>
<td>$515</td>
<td>2.46%</td>
</tr>
<tr>
<td>1993-1995 866</td>
<td>1.47%</td>
<td>482</td>
<td>2.64%</td>
</tr>
<tr>
<td>1995-1997 991</td>
<td>1.67%</td>
<td>422</td>
<td>3.79%</td>
</tr>
<tr>
<td>1997-1999 1,062</td>
<td>1.73%</td>
<td>496</td>
<td>3.69%</td>
</tr>
<tr>
<td>1999-2001 1,395</td>
<td>1.33%</td>
<td>740</td>
<td>2.51%</td>
</tr>
<tr>
<td>2001-2003 1,539</td>
<td>1.39%</td>
<td>749</td>
<td>2.85%</td>
</tr>
</tbody>
</table>

E&G = Education & General

* Excludes non-limited funds (such as sponsored programs).

**Table C - Article XI-G Bonded Debt Outstanding Actual and Projected**
(dollars in millions)

<table>
<thead>
<tr>
<th>Biennial E&amp;G All Sources*</th>
<th>Beginning Bonds Outstanding</th>
<th>Annual Debt Service</th>
<th>Biennial Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-1998 $64.2</td>
<td>$8.5</td>
<td>$18.0</td>
<td></td>
</tr>
<tr>
<td>1998-1999 73.6</td>
<td>9.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999-2000 75.8</td>
<td>9.7</td>
<td>18.6</td>
<td></td>
</tr>
<tr>
<td>2000-2001 94.4</td>
<td>8.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-2002 89.3</td>
<td>9.7</td>
<td>21.4</td>
<td></td>
</tr>
<tr>
<td>2002-2003 123.2</td>
<td>11.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003-2004 177.4</td>
<td>16.2</td>
<td>30.8</td>
<td></td>
</tr>
<tr>
<td>2004-2005 170.5</td>
<td>14.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
OSU – Veterinary Medicine, Additional Funding Request

Summary
Oregon State University (OSU) seeks Board approval to authorize the Vice Chancellor of Finance and Administration, or designee, to seek an additional $2.2 million of Other Funds limitation from the Legislature for additional costs associated with the OSU Veterinary Medicine Expansion Project.

Staff Report to the Board

Background
The April 2002 Legislative Emergency Board approved a total of $8.0 million in spending authorization for the project. The authorization included $4.0 million of Article XI-G Bonds matched with an equal amount from the General Fund. Subsequent to this approval, a Legislative Special session reduced the General Fund authorization by $180,000. However, this reduction was later restored by the Legislature with an Other Funds limitation funded by a gift from the OSU Foundation.

Since the initial authorization, design and coordination of the equipment and the building have been substantially completed. Cost estimates and early constructability reviews have shown that the earlier authorization will not be sufficient to complete the instructional laboratories and small animal hospital expansion. Early plans envisioned a freestanding building. The current plans combine the existing large animal hospital with the new small animal hospital as an expansion of the existing Magruder Hall. The combination allows a smaller surgical staff to respond to emergencies in multiple surgery suites without having to travel between buildings. The reduced staffing more closely mirrors private sector surgical staffing conditions and is a marked reduction in operating costs. Relocation of existing offices allows the surgical core to expand into the first floor of the new addition. All told, these new elements result in the need for an additional $2.2 million in authorization and can be summarized as follows:

- Renovation of existing surgical suite and instructional space: $1,055,000
- Added Exam and Treatment Rooms with reduced Lab Fit-out in new expansion: $168,000
- Relocation of Business Office and Library: $947,000

Statement of Need
As a Land Grant University, this program is integral to Oregon State University in fulfilling its mission to support agriculture in the State of Oregon. This project was considered an “emergency” under the definition of the State Legislative Emergency Board, which approved the capital project in order to implement the approved expansion of the College of Veterinary Medicine DVM program from a two-year to a full four-year resident program. The Washington Idaho Oregon (WOI) contract, which was signed in 1981 by Oregon State University and Washington State University, provided 36 seats...
for Oregon State University students in the Washington State University second and third year small animal DVM program. This contract will expire in 2004.

Schedule
Design of the project is substantially complete. The construction contractor has prepared initial bids and review of the building, which awaits the additional funding authorization to proceed with construction. If approved during the 2003 Legislative Session, ground breaking would occur in mid-April, with completion in August 2004.

Financial Considerations
Funds for the unforeseen work will be provided by the OSU Foundation in the form of gifts.

Staff Recommendation to the Budget and Finance Committee
Staff recommends that the Board approve Oregon State University’s request to authorize the Vice Chancellor of Finance and Administration, or designee, to seek additional Legislative spending limitation for $2.2 million in unforeseen costs associated with the OSU Veterinary Medicine Project.

(Board action required.)
Summary
The purpose of this report is to communicate the fiscal status of the Intercollegiate Athletics Department (Athletics) of Oregon State University (OSU) in accordance with the request of the Budget and Finance Committee (Committee). In their April 19, 2002, meeting, the Committee requested monthly reports on the financial condition of OSU Athletics in order to more closely monitor the progress being made by Athletics in meeting their deficit reduction commitments.

The attached financial statement presents the revenues, expenses, and changes in fund and cash balances of Athletics as of December 31, 2002 and 2001. The year-to-date amounts as of December 31, 2002, were compared to the results as of December 31, 2001, and explanations for material variances between the year-to-date amounts were provided by OSU (see below). Footnotes to the financial statement are also attached to provide additional disclosure and explanation.

University’s Analysis of Operations
Variances in the operating results through December 31, 2002, from the operating results through December 31, 2001, that were in excess of $0.5 million were identified for further analysis. The amounts reported for Operating Revenues varied from the prior year results by over $0.5 million and explanations have been provided below for these variances:

- Operating revenues totaled $6.1 million through December 2002, compared to the prior year amount of $5.4 million, resulting in an increase of $772 thousand. The increase in current year receipts is attributed to Football revenue. OSU Football had seven home games in 2002 compared to five home games in 2001 and increased prices for the University of Oregon game.

- Operating expenses totaled approximately $11.3 million through December 2002, compared to the prior year amount of $10.3 million, resulting in a variance of $1 million. Approximately $407 thousand of the variance is a current year depreciation expense. This expense category was not recorded until January the prior year. Insight Bowl expenses are attributed to $330 thousand of the variance. The balance of the variance is related to increased compensation and other operating expenses.

It is expected that Athletics will meet the Board’s mandated deficit reduction commitment for the fiscal year ending June 30, 2003.
Chancellor’s Office Review

Process
The Chancellor’s Office has reviewed the financial statement and analysis prepared by OSU to test the reasonableness of the amounts reported, the projections presented, and management’s assumptions. This review included the following:

$ Reconciliation of amounts reported to the accounting records
$ Selected review of unusual amounts, trends, etc.
$ Review of material accounts receivable balances
$ Review of management’s explanations of material variances for reasonableness

Analysis
The amounts reported in the financial statements reconciled to the accounting records and review of material accounts receivable balances further substantiates the operating results. In addition, the explanations provided by OSU for the material variances between actual amounts reported through December and the prior year amounts for the same time period were reasonable.

The fiscal condition of OSU Athletics has improved over the prior year by $.2 million. The University’s projections indicate that Athletics will meet its deficit reduction commitment for the year ending June 30, 2003.

Staff recommendation to the Budget and Finance Committee
Staff recommends that the Board accept the OSU Intercollegiate Athletics Department Fiscal Status Report, December 31, 2002, as submitted.

(Board action required.)
Oregon State University Intercollegiate Athletics  
Fund Balance, Revenue, Expense, and Cash Analysis  
Fiscal Year-to-Date December 31, 2002 and 2001

<table>
<thead>
<tr>
<th>Description:</th>
<th>12/31/2002</th>
<th>12/31/2001</th>
<th>Current Yr. vs. Prior Yr.</th>
<th>Favorable</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Fund Balance (Deficit)</td>
<td>$(4,684,091)</td>
<td>$(5,633,020)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>6,149,336</td>
<td>5,377,155</td>
<td>$772,181</td>
<td>14.36%</td>
<td></td>
</tr>
<tr>
<td>Student Fees</td>
<td>413,973</td>
<td>387,600</td>
<td>26,373</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lottery</td>
<td>203,921</td>
<td>113,900</td>
<td>90,021</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gifts, Foundation, and Booster</td>
<td>1,870,410</td>
<td>2,081,753</td>
<td>$(211,343)</td>
<td>-10.15%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>45,296</td>
<td>47,872</td>
<td>(2,576)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Revenues</td>
<td>8,682,936</td>
<td>8,008,280</td>
<td>674,656</td>
<td>8.42%</td>
<td></td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td>11,286,229</td>
<td>10,280,325</td>
<td>(1,005,904)</td>
<td>-9.78%</td>
<td></td>
</tr>
<tr>
<td>Scholarships</td>
<td>3,106,976</td>
<td>3,238,221</td>
<td>131,245</td>
<td>4.05%</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>209,808</td>
<td>322,500</td>
<td>112,692</td>
<td>34.94%</td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>14,603,013</td>
<td>13,841,046</td>
<td>(761,967)</td>
<td>-5.51%</td>
<td></td>
</tr>
<tr>
<td>Net Income (Loss) from Operations</td>
<td>(5,920,077)</td>
<td>(5,832,766)</td>
<td>$(87,311)</td>
<td>-1.50%</td>
<td></td>
</tr>
<tr>
<td>Fund Balance (Deficit) Before Subsidy</td>
<td>(11,465,786)</td>
<td>(10,604,168)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Institutional Funds Subsidy</td>
<td>2,012,595</td>
<td>2,640,736</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ending Fund Balance (Deficit)</td>
<td>$(8,591,573)</td>
<td>(8,825,050)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Overdraft)</td>
<td>$(4,342,187)</td>
<td>(3,848,945)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loans Outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due General Fund (note 3)</td>
<td>$(4,500,000)</td>
<td>(8,000,000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash (Overdraft) – Net of Borrowed Funds</td>
<td>$(8,842,187)</td>
<td>(11,848,945)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Unaudited - Prepared for Management Purposes Only
1. **Basis of Presentation**
   The statement includes only the operations of OSU Intercollegiate Athletics. This statement is for internal use only; it is not purported to be presented in accordance with generally accepted accounting principles.

2. **Material Variances from Prior Year Amounts**
   Variances in the operating results through December 31, 2002, from the operating results through December 31, 2001, that were in excess of $0.5 million were identified for further analysis. The amount reported for Operating revenues varied from the prior year results by over $0.5 million and the explanation provided by OSU Management is summarized below for this variance:

   - **Operating Revenues**
     Operating revenues through December 31, 2002, were $.8 million higher than the prior year amount for the same time period. Current year revenues were higher in football due to having seven home games in 2002 compared to five in 2001 and increased prices for the University of Oregon game.

   - **Operating Expenses**
     Operating expenses through December 31, 2002, were $1.0 million higher than the prior year amount for the same time period. Current year expenses were higher by $.4 million relating to depreciation which was not recorded in the prior year, $.4 million relating to the Insight Bowl, and increases in compensation and other expenses.

3. **Loans Outstanding Due General Fund**
   As of December 31, 2002, OSU had advanced a total of $4.5 million from its E & G funds to cover Athletics’ cash shortages. The advances are treated as interest bearing loans and are to be paid back on or before June 30, 2003. Interest is being charged at the Oregon State Treasury rate for S8 Bank overdrafts.

   Unaudited - Prepared for Management Purposes Only
Report on the History and Current Status of Fee Remissions

Summary
Fee remissions have been part of the financial aid structure of the Oregon University System (OUS) for several decades. Fee remissions are financial incentives provided to students through discounting the tuition and fees participating students pay. Due to a statute prohibiting the institutions of OUS from using state appropriation for financial aid, fee remissions have always been underwritten by tuition income from the student body at large.

Fee remissions are provided in two broad categories: Graduate assistant fee remissions and programmatic fee remissions.

The Graduate Assistants are integral to the instructional and research faculty resources for several OUS institutions. Graduate Assistant fee remissions are a form of compensation for these students who support teaching and research efforts while they are working on their graduate degree programs.

The programmatic fee remissions have varied target student populations, but all with the same overriding goal: to provide financial aid to students meeting certain criteria as incentive to encourage them to enroll. A number of programs require requalification annually, while other are offered with the intent they be awarded for a given number of years.

Historically, total fee remissions have represented between 14 percent and 15 percent of total tuition Systemwide. This ratio varies by institution. In 2001-02, a total of $41.2 million of fee remissions was awarded: $17.3 million to graduate assistants and $23.9 million to programmatic fee remission awards.

In 2001-02, over 15,200 students were provided financial assistance through the various fee remission programs. Of this number, 3,100 were graduate assistants and 12,100 were programmatic fee remission recipients.

Background
The OUS’s Fee Remission program is similar to many programs offered across the country. Fee remissions are supported by tuition income and are also referred to as fee waivers or tuition discounts at other public and private colleges and universities. The objective of the fee remission is to provide a student sufficient financial incentive and support to enroll in the institution offering the remission. Fee remissions may be offered to undergraduate or graduate students at any point in their enrollment. However, they are primarily used to recruit new students. Remissions offered beyond the first year are part of an overall campus retention strategy.

Fee remissions have been a part of OUS institutional financial aid programs for decades. They are a key element in enrollment management by allowing the institutions...
flexibility in recruitment efforts to attract the best students; create diversity of student populations; provide need-based support of students to offset previous high tuition rate increases; facilitate various Board initiatives to improve enrollment in specific programs; and provide major support of Graduate Assistantships for teaching and research. Fee remissions function as an integral part of maximizing both enrollment numbers and entering class composition.

As one of the basic forms of financial aid available to institutions, awards are made in the spring of each year for the following fall term. Historically, a significant share of the fee remission programs are awarded as multi-year awards, providing the student continues to meet the program qualifications. Currently, there are thousands of students to which OUS institutions have committed fee remission assistance. Commitments by an institution to a student for fee remission are often for up to five years. Financial aid packages are already being committed to students for 2003-04 on the historical assumption that fee remissions are a secure part of their financial aid programs.

The Graduate Assistant Fee Remission programs are integral to the instructional and research faculty resources for several OUS institutions. These remissions are a form of compensation for these students who support teaching and research efforts while they are working on graduate and post-graduate degrees.

Board approved fee remission programs are codified in the Academic Year Fee Book as OAR 580-040-0040. Oregon Revised Statutes 351.070 (3) (c) prohibits OUS from using the state general fund for student financial aid. For several decades, fee remissions within OUS have been supported by tuition.

In 1999, with implementation of the Resource Allocation Model, the Board Budget and Finance Committee directed the institutions to maintain levels of fee remission allocations of tuition at levels comparable to those of the 1998-99 academic year until further review.

**Summary of Fee Remission Allocation and Participants**
The accompanying tables are historical data of fee remission allocations by major category, by institution, and totals of fee remission program participants. Historically, total fee remissions have represented between 14 percent and 15 percent of total tuition Systemwide. This ratio varies by institution. Of the seven OUS institutions, all offer various programmatic fee remissions; and all but EOU and OIT offer graduate assistant fee remissions.

In 2001-02, over 15,200 students, or about 20 percent of the student body, were provided financial assistance through the various fee remission programs. Of this number, 3,100 were graduate assistants and 12,100 were programmatic fee remission recipients.
OUS Fee Remission Programs
The following fee remission program descriptions are extracted from the 2002-03 Academic Year Fee Book. Fee remissions are funded through institution resources. The policies governing each fee remission program specify the extent to which the mandatory enrollment fees are to be remitted under each program.

1. Oregon University System Educational Diversity Initiative

The Educational Diversity Initiative replaces four other fee remission programs: the Minority Achievement Scholarship Program for First-Time Freshmen, Underrepresented Minorities Achievement Scholarship Program, Portland Teacher Plan, and the Oregon Laurels Program. Students who were admitted in the original programs will continue under those program guidelines. New students admitted effective fall 1998 will come under the policies of the Educational Diversity Initiative. These original four programs were completely phased out and eliminated from the Fee Book by the Board on July 19, 2002.

Criteria: This program is open to all students, resident or nonresident, undergraduate or graduate. Under the guidelines approved by the Board October 17, 1997, each campus may have a program of its own design and may describe the program in the manner it wishes. Similarly, the program may consider different factors in making awards and may offer one or more tuition and fee remission programs as long as it maintains its commitment to diversity. However, the condition of a student’s race may not be a factor. Remissions may be awarded to nonresidents, with the understanding that nonresident recipients will be charged nonresident tuition.

Awards: Rather than a prescribed allocation of funds for educational diversity fee remissions, each institution will be allocated a total amount of tuition it may remit and can allocate those funds as it chooses. Campuses may make partial or full waivers based on need or to expand the number of students who receive at least some support. Awards are not transferable. Students may not take a tuition remission with them if they move to another OUS institution, but will be evaluated based on the receiving school’s educational diversity needs.

2. International Cultural Service Program

a. International Fee Remission Program
Criteria: This program is for students who are undergraduate or graduate with foreign student status.

Awards: Awards may vary in amount but cannot exceed the total nonresident undergraduate or graduate Mandatory Enrollment Fees (Tuition, Resource, Building, Incidental, and Health Service Fees). Remission of the Resource, Building, Incidental, and Health Service Fees is at the institution’s option.
b. Cultural Service Program

Criteria: This program is for students who are undergraduate or graduate with foreign student status; who are competitively selected on the basis of academically meritorious achievement; and who fulfill community service requirements of the program while receiving the award.

Awards: Awards may vary in amount but cannot exceed the total nonresident undergraduate or graduate Mandatory Enrollment Fees (Tuition, Resource, Building, Incidental, and Health Service Fees). Remission of the Resource, Building, Incidental, and Health Service Fees is at the institution’s option.

3. International Exchanges

a. International OUS Exchange Program

Criteria: This program is for students who are attending Oregon University System institutions as a part of an approved Systemwide exchange program.

Awards: Awards may consist of remission of all or some of the Mandatory Enrollment Fees, depending upon the reciprocal agreement under which the student is enrolled.

b. International Institution Exchange Program

Criteria: This program is for students who are attending Oregon University System institutions as a part of a Board-approved institution exchange program.

Awards: Awards may consist of remission of all or some of the Mandatory Enrollment Fees, depending upon the reciprocal agreement under which the student is enrolled.

4. Contract and Grant

a. Contract and Grant: Academic Year

Criteria: This provision is for students who participate in specific courses or programs during the academic year funded by grant or contract with an outside agency or firm.

Awards: Awards are generally for remission of the Tuition and any applicable Resource Fees only, depending upon agreement with the granting agency.

b. Contract and Grant: Summer Session

Criteria: This provision is for students who participate in specific courses or programs during the summer session funded by grant or contract with an outside agency or firm.

Awards: Awards are generally for remission of the Tuition and any applicable Resource Fees only, depending upon agreement with the granting agency.

5. Western Undergraduate Exchange (WUE)
The fee remission policy for WUE has been replaced by a specific tuition rate. See “Tuition Policies Section I. G” of the Academic Year Fee Book.

6. **OUS Supplemental Tuition Grant**

*Criteria:* Previously named the Tuition Surcharge Waiver, beginning in the 1991-1993 biennium, this program is continued as the OUS Supplemental Tuition Grant. This is a need-based tuition grant available to qualified Oregon resident students.

*Awards:* These Supplemental Tuition Grants may vary at institutional discretion but may not exceed the total Tuition assessed for the regular academic year.

7. **Nonresident Athlete Fee Remission**

*Criteria:* This program is for eligible non-resident athletes. It was approved by the Board July 2001.

*Awards:* Awards are at the institution option. The awards may vary in amount but cannot exceed the total non-resident Undergraduate or Graduate mandatory enrollment fees (Tuition, Resource, Building, Incidental, Health Services, and Energy Surcharge Fees).

8. **Other Remission Programs**

a. **University of Oregon Law School**

*Criteria:* This program is for students enrolled at the University of Oregon Law School who meet the criteria for need relative to the Law Resource Fee.

*Awards:* A fee remission may be granted on the basis of need for the Law School Study Resource Fee. No other fees assessed for the Law School are covered under this provision.

b. **PSU/Washington Merit Fee Remission Program**

*Criteria:* This program is for Washington residents enrolled at PSU who meet the high school grade point average requirements set by PSU. It was approved by the Board July 2001.

*Awards:* Awards are variable (from $4,500 to $6,000 per year) based on high school GPA, to remit against the non-resident tuition rate.

*Summaries by Institution*

See supplementary tables summarizing the annual allocations and enrollment levels of the fee remission programs by institution.

*(No Board action required.)*
Action Item

Amendments to IMDs (1.205(1) and 2.001(1) Regarding Board Oversight of Higher Education Curricula and Institutions and Establishing and Naming Schools or Colleges

February 21, 2003

Oregon State Board of Higher Education
Amendments to Internal Management Directives (IMDs) 1.305(1) and 2.001(1) Regarding Board Oversight of Higher Education Curricula and Institutions and Establishing and Naming Schools or Colleges

Background
The Internal Management Directives 1.305(1) and 2.001(1) relate to locus of authority for establishing and naming schools or colleges within System institutions. They state specifically:

IMD 1.305 Establishing and Naming Schools or Colleges
(1) The Board shall approve the establishment or elimination of schools or colleges.

IMD 2.001 Board Oversight of Higher Education Curricula and Institutions
(1) The Board shall exercise general oversight of curricula and instruction in the System including, but not limited to, approval and deletion of curricular allocations, and the establishment and closure of schools or colleges. The Board’s primary consideration, in meeting curricular responsibilities, shall be to ensure that high-quality educational opportunities are provided to qualified citizens in as accessible and cost-effective manner as possible.

State Board of Higher Education records indicate that from as early as the 1950s, there have been adjustments regarding where the authority to establish and name schools and colleges within institutions should be vested. For a long period of time it has been required that the Board approve the establishment and closure of schools and colleges. This procedure impedes an institution’s ability to reorganize in a timely manner.

With the severe budget shortfalls facing higher education now and into the foreseeable future, reorganization of schools or colleges is one way in which savings can be realized. It is cumbersome and time consuming for institutions to have an intermediate step of seeking Board approval for such changes. Therefore, as the System continues to examine ways to streamline Board operations, and upon advice of the institution presidents and provosts, it is recommended that the Board delegate authority for the establishment and change of schools and colleges to the Chancellor.

Staff Recommendation to the Board
Staff recommends the following changes to IMD 1.305(1) and IMD 2.001(1):

IMD 1.305 Establishing and Naming Schools or Colleges
(1) Board shall delegate to the Chancellor the establishment or elimination of schools or colleges.
IMD 2.001  Board Oversight of Higher Education Curricula and Institutions

(1) The Board shall exercise general oversight of curricula and instruction in the system including, but not limited to, approval and deletion of curricular allocation, and the establishment and closure of schools or colleges. The Board’s primary consideration, in meeting curricular responsibilities, shall be to ensure, on behalf of the Board, that high-quality educational opportunities are provided to qualified citizens in as accessible and cost-effective manner as possible.

(Board action required. Roll call vote.)
Consent Items

OSU, M.A., Applied Ethics
SOU, B.A./B.S., Early Childhood Development
PSU, M.A./M.S., Interdisciplinary Studies
Authorization to Award Honorary Degrees, OSU and PSU
Agreement to Transfer Emergency Medical Technology, A.A.S., from OHSU to OIT

February 21, 2003
Oregon State Board of Higher Education
OSU, M.A., Applied Ethics

Oregon State University proposes to offer the master of arts degree in Applied Ethics, effective immediately. The proposed program, offered through the Philosophy Department, would be the only one of its kind in the state. The University of Oregon offers the M.A. in philosophy, which provides a broad knowledge of the history and recent developments in the basic fields of philosophy. Portland State University offers a master’s degree in conflict resolution, which focuses on mediation, violence prevention, dispute systems, negotiation, and facilitation. No other Oregon college or university offers a similar graduate major.

Oregon State University currently offers the baccalaureate degree in philosophy and, for the past four years, has offered an undergraduate certificate in applied ethics. OSU has also developed a program for Ethics, Science, and the Environment, which was selected by the Templeton Foundation as a model for ethics education. That program’s purpose is to help OSU to recognize, understand, and resolve “value conflicts” in the scientific inquiry, biotechnology, and natural resource use. The program achieves its purpose by sponsoring research and research conferences, organizing student bioethics conferences, developing a regular series of interdisciplinary presentations and seminars on campus, sponsoring student-faculty research, and publishing a newsletter. This program, which is housed in the Philosophy Department, is a supporting resource for the proposed master’s program.

The goals of the proposed master’s program are:

- Enable students to identify, analyze, and suggest solutions to ethical problems by providing them with the knowledge base and analytic skills of classical and contemporary ethics.

- Enable students to address ethical problems that arise in their professional and civic lives, by teaching them to examine the connection of ethical theory and practice in a variety of practical contexts.

- Provide students with experience of the real-life constraints and pressures that shape policy decisions through internships in the professions.

Students will be required to complete 45 credits: 30 in philosophy and 15 in a disciplinary or integrated minor, with focus areas in bioethics, environmental ethics, and art and morality. Three core courses will provide students a foundation in general ethical theory. The remaining philosophy credits include such courses as environmental ethics, world views and environmental values, biomedical ethics, death and dying, art and morality, and philosophy of science. Three credits of internship will be required, as well. Students will work with a public agency, nonprofit organization, or private business. (Additional credit will be assigned for more extensive internships; however, such additional credits will not supplant other required credits.) OSU anticipates enrolling 12
students within the first five years, with a minimum of four students graduating each year.

The growing interest in applied ethics in American society is a direct consequence of the expansion of public dialogue regarding a wide range of political and scientific issues, nationally and internationally. Traditionally within the purview of medicine, business, and law, ethics issues are pervasive in such diverse areas as agriculture, art, education, resource management, and humanitarian endeavors. Regardless of the area, applied ethics should be a cornerstone of policy development and decision-making. This program would prepare students to apply moral reasoning in complex situations, such as a debate about the extraction and consumption of natural resources, preservation and extension of human life, genetic engineering, or business practices.

Demand for a master's program in applied ethics is evidenced by queries from OSU students and students in other states. The proposed program will enhance the professions of graduates in virtually any profession (e.g., natural resource management, health care, law, biotechnology, work in nonprofit organizations or government). Both public and private organizations hire ethics officers to help improve internal operations and external relations. Some federal research agencies (e.g., National Institutes of Health) require ethics training of science graduate students for funding grants in life sciences. Some students may be returning to school after having established their careers, while others may be planning to use this degree as a stepping stone to further study. Whatever the purpose, students will be prepared to be more skillful at the workplace arts of collaboration and consensus, and better prepared for responsible citizenship.

Faculty demand for this program is on the rise, especially during the last ten years. Many OSU departments (e.g., Molecular and Cellular Biology, Fisheries and Wildlife, Forestry, Exercise and Sports Science) seek out Philosophy faculty to lecture on ethics in graduate courses or team teach graduate-level ethics courses. As program faculty work with professionals in various fields of business and industry, they're aware of more people genuinely seeking ways to make decisions in morally defensible ways.

Dr. Brian Schrag, executive secretary of the Association for Practical and Professional Ethics (Indiana University), served as the external review team chair. Dr. Deni Elliott, ethics professor at the University of Montana-Missoula and director of The Practical Ethics Center, was the second member of the team. Their review was positive, overall. OSU concurred with minor curricular recommendations, such as maintaining the core coursework at graduate level only and perhaps expanding coursework in other areas (e.g., negotiation, conflict management and resolution, public policy ethics). The team found the program aligned with faculty strengths and recommended that the retiring faculty member with expertise in environmental ethics be replaced. OSU concurred and initiated a search, with the new faculty member starting in September 2004. Process recommendations included formalizing the internship aspect of the program and regularizing program data collection. Oregon State has begun addressing those
recommendations. Finally, suggested professional journals will be added to the library holdings.

Modest additional resources are required to support graduate teaching assistants, journal subscriptions, and minor operating costs. OSU has committed funds for the first four years of the program, largely through internal reallocation of resources. The program relies heavily on courses that are currently offered, so additional course development time is not required, and no additional staff, other than the 1.0 FTE replacement faculty member, are needed.

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

**Staff Recommendation to the Board**
Staff recommends that the Board authorize the Oregon State University to establish a program leading to the M.A. in Applied Ethics. The program would be effective immediately, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

*(Board action required.)*
SOU, B.A./B.S., Early Childhood Development

Southern Oregon University proposes to offer a program leading to the baccalaureate degree in Early Childhood Development, effective fall 2003. The proposed program, offered through SOU’s Education Department, is articulated with the Rogue Community College (RCC) A.A.S. in Early Childhood Education (ECE). Students who are working toward, or have attained, the ECE degree may transfer all applicable credits earned at RCC into SOU and continue their education, earning a bachelor’s degree in the same field. Graduates of the program will be strong candidates for SOU’s M.A. in Teaching (MAT) program.

The program’s curriculum objectives are aligned with the professional standards of the National Association for the Education of Young Children: (1) promoting child development and learning; (2) building family and community relationships; (3) observing, documenting, and assessing to support young children and families; (4) meeting multiple teaching and learning objectives; and (5) becoming a professional. Students will complete approximately 90 to 105 upper-division credits at SOU. To help smooth the transition to Southern, faculty from both institutions have designed four new, one-credit courses that allow RCC students to apply their knowledge in early childhood settings, thus strengthening their foundation for upper-division courses.

The proposed SOU program will be the first bachelor’s degree program in Oregon devoted solely to early childhood development. All Oregon University System education programs (except UO’s) offer a program for teacher licensure in early childhood. A similar relationship was recently worked out between Oregon State University and Linn-Benton Community College; LBCC students in Early Childhood Education may now transition smoothly into OSU’s Human Development and Family Sciences undergraduate major, which has two different early childhood options.

There is potential for SOU to collaborate with other institutions to share this program in Klamath Falls and Northern California. Both RCC and SOU have extensive experience in establishing cooperative educational endeavors with OIT and the College of the Siskiyous.

This program is important to both the region and the nation. Oregon Employment Department occupational projections for the region suggest six percent annual employment growth through 2006 in the area of early childhood. (Employment growth at three percent per year is considered average.) The proposed program also aligns with national priorities. The federal “No Child Left Behind” initiative includes programs targeting early childhood education, recognizing that building a solid learning foundation often begins at a very young age. The 1988 Head Start Reauthorization Act requires that at least half of all Head Start teachers in center-based programs have an associate’s degree by 2003. One of the 2003 goals for the National Head Start Association is that, by 2008, all teachers will have at least an associate’s degree and...
that a loan forgiveness and scholarship incentive program will be added into Head Start to provide support for teachers who seek an advanced degree.

Student interest is high. Enrollment in the RCC program is 84 students, 30 of whom have indicated their intention to transfer to SOU if the proposed program is approved. Also, about 20 SOU students minoring in education in fall 2002 indicated interest in early childhood education. SOU anticipates serving approximately 40 to 50 students per year, with a total of 40 to 50 graduates at the end of five years.

Five ranked SOU education faculty will be involved in offering the program, two of them serving as core faculty. The structure of the program allows students to complete their first two years at RCC. Faculty from both institutions will be involved in the program during the third year, and the fourth year will involve SOU faculty only. One part-time (.5 FTE) adjunct faculty member will be needed to implement the program. Current staff, facilities, equipment, and technology are sufficient to offer the program.

The SOU Preschool Program and the Schneider Children’s Center will serve as resources for students and faculty in this program. In addition, a proposal is being developed to involve the Lincoln Elementary School (Ashland School District) as a lab school environment. Local Head Start programs will also be a valuable resource for students.

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

**Staff Recommendation to the Board**

Staff recommends that the Board authorize Southern Oregon University to establish a program leading to the B.A./B.S. in Early Childhood Development. The program would be effective fall 2003, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

*(Board action required.)*
PSU, M.A./M.S., Interdisciplinary Studies

Portland State University proposes to offer the master’s degree in Interdisciplinary Studies, administered by the PSU Office of Graduate Studies, for immediate implementation. The goal of the program is to provide highly motivated graduate students the opportunity to develop an individualized interdisciplinary program that is otherwise not available on campus. The program is designed to serve a small number of students who have specific, well-articulated goals that cannot be achieved within PSU’s existing degree structure.

Students would be required to obtain the consent of a tenured or tenure-track faculty advisor in each of the two or three intended departments. These faculty must accept the general plan of study and anticipated outcomes and be willing to serve on the student’s advisory and final examination committee. There is also a limit of two interdisciplinary studies advisees per faculty, and changes to the advising committee or plan of study must be approved in advance by the Office of Graduate Studies. This will ensure that only students who have designed rigorous programs with well-articulated goals are admitted to the program.

Students will complete a minimum total of 54 credits, the majority of which utilize coursework from either two or three departments. Twenty credits per department are required for a program in two departments and 6 thesis/project credits. For programs involving three departments, 15 credits per department and 6 thesis/project credits are required. All students will be required to pass an oral examination on the thesis/project, with a faculty member from a different department selected by the PSU Office of Graduate Studies on the final examination committee.

Two other Oregon University System institutions offer a master’s degree in interdisciplinary studies. Although the same title is used, they are very different programs. Oregon State University requires students to complete a minimum of 45 credits and integrate three fields of study, one of which must be in the College of Liberal Arts. The University of Oregon requires a 54-credit minimum, with specific specializations (e.g., Interdisciplinary Studies: Individualized Studies: Folklore).

Two Oregon independent schools also offer similar master’s degree programs. Marylhurst University offers the M.A. in interdisciplinary studies (MAIS) with concentrations in gerontology, organizational communication, spiritual traditions and ethics, and liberal arts. Reed College offers the M.S. in liberal studies (MALS), which is an interdisciplinary program. An inquiry from Marylhurst about PSU’s proposed program resulted in Marylhurst indicating no concerns about the proposed program from an adverse-impact point of view.

Student interest in this type of program has been significant, especially in the last few years. PSU’s Office of Graduate Studies receives approximately three inquiries per week regarding the availability of such a program. The value of a graduate-level
interdisciplinary studies program is great; regardless of the occupational sector, most substantial problem solving requires an interdisciplinary approach.

The individualized nature of this program will allow part-time, nontraditional students to shape the program to meet their professional and personal goals. PSU anticipates serving fewer than 20 students per year in this program. An admission limitation will be instituted if the number of students becomes unwieldy.

No additional resources for faculty, staff, facilities, equipment, or technology are necessary to offer this major. Because the program represents a thoughtful combination of graduate programs that have already undergone external review, the requirement for external review of graduate programs has been waived.

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

Staff Recommendation to the Board
Staff recommends that the Board authorize Portland State University to establish a program leading to the M.A./M.S. in Interdisciplinary Studies. The program would be effective immediately, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

(Board action required.)
Authorization to Award Honorary Degrees, OSU and PSU

Summary
Board of Higher Education policy permits institutions, with the concurrence of their faculty, to award honorary degrees. Each institution proposing the award of honorary degrees has received the Chancellor’s approval of criteria and procedures for selection that ensure the award honors distinguished achievement and outstanding contributions to the institution, state, or society.

Oregon State University
Oregon State University requests authorization to award honorary doctorates to William McDonough and James Poirot at its June 2003 Commencement ceremony.

William McDonough is an internationally recognized designer known for a profoundly different approach to design and commerce, incorporating concern for economic prosperity, social equity, and environmental intelligence into the projects on which he works. McDonough is the founding principal of two design firms: William McDonough + Partners, Architecture and Community Design; and McDonough Braungart Design Chemistry, LLC. The first company practices ecologically, socially, and economically sustainable architecture around the world. The latter is a product- and process-design firm that assists people with designing profitable and ecologically intelligent products and systems.

Time Magazine recognized McDonough as a “Hero for the Planet” in 1999, stating that “his utopianism is grounded in a unified philosophy that – in demonstrable and practical ways – is changing the design of the world.” His ideas and efforts were also honored in 1996, when he was the only individual ever to receive the Presidential Award for Sustainable Development, the nation’s highest environmental award.

His visionary ideas, projects, and writing have inspired many to rethink how we approach the most pressing problems of the 21st century, such as how we can bring health and quality of life to people living in a world in danger of collapsing under the weight of environmental contamination and runaway resource extraction. McDonough’s eco-effective designs range in scale from molecules to regions – from the environmental optimization of product chemical compositions to community plans that restore native habitat and hydrology while spurring economic development. For example, while designing an environmental studies center at Oberlin College in Ohio, he asked himself and college faculty and staff, “How can we design a building like a tree? A fecund structure that purifies waters and makes oxygen and food.” When completely commissioned, the new Adam Joseph Lewis Center for Environmental Studies at Oberlin will produce more energy than it consumes. McDonough is much more than an architect. In collaboration with German chemist Michael Braungart, he has begun or completed designs for nontoxic shower gels, fabrics that do not contain mutagens or carcinogens, dolls made without PVCs, biodegradable yogurt cartons, and a recyclable Nike sneaker made with soles that, when they disintegrate, will serve as nutrients for the soil.
A former dean of the School of Architecture at the University of Virginia, McDonough holds professorships at the University of Virginia’s Darden Graduate School of Business Administration and at Cornell University. He is the chair of Second Nature, a nonprofit organization working to make sustainability “second nature” in higher education. He is also U.S. chair and member of the Board of Councilors of the China-U.S. Center for Sustainable Development, a nonprofit based in Portland, Oregon, with a mission to accelerate sustainable design and development in China, the U.S., and around the world.

In 2002, the Resource Renewal Institute recognized Oregon as the state with the most capacity for achieving sustainable development. This capacity comes from innovative thinking in the public and private sector, actions by individuals as well as organizations, and a tradition of collaboration and cooperation among citizens of the state. By honoring Bill McDonough with an honorary doctorate, Oregon State University can demonstrate its recognition that revolutionary thinking will be necessary for finding solutions to the complex problems we face.

James W. Poirot is one of the country’s most respected engineering leaders, committed to influencing how engineers can improve the way people interact with the earth. He challenges engineers to accept their responsibility for the world’s environmental problems and charges them to be involved in shaping global environmental principles, ethics, and policies.

Poirot retired from the engineering firm CH2M HILL as chairman of the board in 1995. His career before and after retirement has been exemplary in leadership and service to the engineering profession and to OSU. He has taken an active role in engineering education with the Accreditation Board for Engineering and Technology and delivered lectures on more than 30 university campuses.

Since leaving CH2M HILL, Poirot has been active as an environmental advocate through his work with the World Federation of Engineering Organizations (WFEO), as a founding board member of the World Engineering Partnerships for Sustainable Development, and with the Earth Charter. His responsibilities with the WFEO include collaborating with United Nations Educational Scientific and Cultural Organization (UNESCO), United Nations Environmental Program (UNEP), United Nations Industrial Development Organization (UNIDO), United Nations Commission for Sustainable Development (UNCSD), the World Bank, the World Federation of Technical Assessment Organizations, the Institute for Leadership Development, Water for People, and the Earth Council.

Throughout his career, Poirot has exhorted his fellow engineers to be involved in their communities and to be lifelong learners. He has traveled the world extensively, especially during the last six years, because of his commitment to the environment and sustainability. In June 2000, he spoke at the ceremony launching of the Earth Charter in The Hague, Netherlands, representing the WFEO.
In 1993, Poirot was elected to the National Academy of Engineers (NAE) for “providing leadership in the development of quality management systems for engineering organizations.” Only 16 of OSU’s 25,000 engineering graduates since 1983 have been elected to NAE. In 2001, he was elected to honorary membership of the Japan Society of Civil Engineers.

Locally, Poirot has served as a member of the OSU College of Engineering’s Advisory Board since its inception and on boards of nine other universities, as well. He has served as chair of the OSU Alumni Board and chair of the CH2M HILL Alumni Center Building Campaign. In 1998, he was inducted into the OSU College of Engineering Hall of Fame (inaugural class) and, in 1999, he was the recipient of the Alumni Association’s E.B. Lemon Award.

Poirot has a legacy of exemplary service to his profession, OSU, and the worldwide community. In retirement, he has devoted himself to world service activities. He has been a positive influence on the careers of thousands of engineers worldwide.

**Portland State University**

Portland State University requests authorization to award an honorary doctorate to The Honorable Kathryn Harrison at its June 2003 Commencement ceremony.

**Kathryn Harrison** is a native Oregonian who has made public service her mission in life for the past 30 years. Orphaned at ten years old, she was in foster homes until the age of 14, when she was sent to the Chemawa Indian Boarding School.

Harrison graduated from the Chemawa Indian School high school and, in 1972, became a licensed practical nurse (LPN). After working briefly as a nurse, she turned her attention to outreach work in the Siletz Indian Alcohol program in Siletz, Oregon. She initiated a meals program for the elderly of the Siletz tribe and non-Indian community. She also assisted in establishing the first Alcoholics Anonymous program in the area. Subsequent work continued to center around service to the Native American population. Harrison increased the number of Indian elders served by Lane County’s nutrition program. In Coos Bay, she gave oral presentations to Coos and Curry County schools regarding Indian history and culture.

Kathryn Harrison has served in numerous leadership, advocacy, and policy roles for Native American priorities. Among her major accomplishments are garnering support for the federal restoration of both the Siletz and Grand Ronde Tribes and serving as an elected official (including first chairwoman) of the Confederated Tribes of the Grand Ronde Community of Oregon. In that capacity, Harrison represented the Tribe or Tribal Council at regional, state, and national levels, including providing Congressional testimony regarding the Grand Ronde restoration. As Congresswoman Elizabeth Furse wrote, “Ms. Harrison’s... efforts led to Congressional Acts that restored not just the federal status of those tribes, but the dignity of the affected tribal members. She is a nationally recognized leader, not only in Native American communities, but in non-
Indian circles as well. She is renowned as a community organizer, consensus builder, and peacemaker in a world where non-Indian and Indian people frequently experience difficulties in understanding one another. In her tireless dedication to her life’s work, she continues to work on community solutions, even though she has retired from elected office.”

Kathryn Harrison has been the recipient of the American Indian Business Leaders’ “The White Crown Award” for 1999, which honors “an American Indian leader who has used their wealth of knowledge and experience to further the cause of American Indian people locally and nationally.” She received the 1999 Women of Achievement Award from the Oregon Commission for Women and the Tom McCall 2001 Leadership Award from SOLV. In 1995, Harrison received the Distinguished Service Award from the League of Women Voters and was also named one of four Women of Achievement by the YWCA.

Kathryn Harrison’s leadership and liaison activities continue in her work as Ambassador for the Confederated Tribes. In addition, she serves on the Board of PSU’s Institute for Tribal Government in the Mark O. Hatfield School of Government. As a distinguished fellow at the Institute, she directs the Great Tribal Leaders of Modern Time series.

**Staff Recommendation to the Board**
Staff recommend the Board authorize Oregon State University to award honorary doctorates to William McDonough and James Poirot, and Portland State University to award an honorary doctorate to Kathryn Harrison, at their June 2003 Commencement ceremonies.

**(Board action required.)**
Agreement to Transfer Emergency Medical Technology, A.A.S., from OHSU to OIT

At the July 2001 meeting, the Oregon State Board of Higher Education approved the agreement to transfer two Oregon Health and Science University (OHSU) programs, the bachelor’s degree in Clinical Laboratory Science and the undergraduate certificate program in Paramedic Education, to the Oregon Institute of Technology (OIT), with OHSU continuing in a joint, collaborative role. OHSU and OIT have mutually agreed that OHSU will transfer the related academic Associate of Applied Science (A.A.S.) program in Emergency Medical Technology (EMT) to OIT, effective upon approval by the Board. As in the case of the previous transfers, OHSU and OIT plan to collaborate, as appropriate, in offering the program.

This A.A.S. in EMT was originally approved by the Board in May 1996 and has been in operation since September 1996. The program prepares students at the paramedic level, which is the highest of three levels of EMT. The A.A.S. degree has only been required for paramedic certification in Oregon for four years. In that time, 85 students have graduated from the paramedic program; 20 students earned the A.A.S. degree through a joint arrangement with OHSU and Chemeketa Community College, with the majority of students meeting the degree requirement by holding an associate’s or baccalaureate degree before entering the EMT-certification program.

Currently, 31 students are enrolled in the program. No students or employees will be affected by the transfer. The original curriculum has been adapted to meet the 1999 U.S. Department of Transportation national paramedic curriculum.

As indicated to the Board in July 2001, with the transfer of related allied health programs, OHSU is sharpening its mission to focus more on graduate education and research areas. This coincides with OIT’s plan to expand its programmatic presence in the Portland area. The two institutions have agreed that it is to their mutual advantage and to those of their constituents to collaborate in the offering of the program.

OIT currently offers allied health programs in Dental Hygiene, Radiologic Science, Sonography, Vascular Technology, and Health Sciences, in addition to the two joint OIT/OHSU programs mentioned above.

Office and classroom space for the program will be provided by the Tualatin Valley Fire and Rescue at the Regional Training and Simulation Center in Sherwood. Tualatin Valley Fire and Rescue currently provides space for the certification program in Paramedic Education. The space is adequate and well-maintained; the location offers excellent access to the EMT community.

OIT has worked closely with Portland Community College, which supports the program transfer as long as the program continues to be offered at the Tualatin Valley Fire and Rescue; enrolls approximately the same number of students as previously enrolled; and does not increase the number of “clinicals” offered in the Portland area.
Currently, there is a shortage of paramedics in the U.S., a situation that is expected to continue. Students are actively recruited by prospective employers both in-state and out-of-state. Most internship sites have offered students employment after graduation. All recent graduates have been hired to work in their field of training.

**Staff Recommendation to the Board**
Staff recommends that OIT be authorized to accept the transfer of the A.A.S. degree in Emergency Medical Technology, effective immediately.

*(Board action required.)*
OUS Fiscal Year 2004 Federal Appropriations Funding Requests, Agencies and Accounts

In a continuing effort to respond to requests from the staff of the seven-member Oregon Congressional delegation, the Oregon University System has compiled a Federal Appropriations Priorities List for Fiscal Year 2004. A single priority document, forwarded by the Chancellor, enables Congressional delegation members to address a clear set of stated campus appropriation objectives.

As House and Senate committees continue deliberations on the Federal government's Fiscal Year 2003 budget, the document also prepares congressional staff to deal effectively with specific campus appropriation requests for Fiscal Year 2004. At this writing, an omnibus budget reconciliation bill for FY 2003 has not been completed. In light of the uncertainties that had shrouded the adjournment of the 107th Congress, and the fiscal hesitancy that began the convention of the 108th Congress, the campuses have worked diligently to provide a slate of well-conceived projects for FY 2004.

As always, each OUS institution bears responsibility for the development of the rationale, background material, executive summary, and identification of a likely federal funding source for the institution's "Top Three" priorities. Participants who have been enlisted for the discussion, and the selection of the projects, have remained at the president's discretion.

The project summaries describe partnerships, the overall value of the project to the institutions' programmatic goals, and a rationale illustrating how the project serves longstanding or emerging statewide and regional needs. The funding priorities of each institution accurately reflect the mission of OUS in furthering aspects of instruction, research, and public service.

Chancellor Jarvis will have the opportunity to present the compiled OUS priorities list in a series of meetings and briefings throughout the month of February.
<table>
<thead>
<tr>
<th>INSTITUTION</th>
<th>PROGRAM</th>
<th>APPROPS BILL</th>
<th>AGENCY</th>
<th>ACCOUNT</th>
<th>$AMOUNT REQUESTED</th>
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<td>Eastern Oregon University</td>
<td>(1) Learning Center</td>
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<td>Institute of Museum and Library Services</td>
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OUS Federal Appropriations Priorities, Fiscal Year 2004
Campus Project Summaries

Eastern Oregon University

1. Eastern Oregon University Learning Center: Eastern Oregon University (EOU) requests $1 million from the Institute of Museum and Library Services for expansion of the Pierce Library. The specific objective of the expanded library is to create a regional hub of information to provide greater educational, cultural, and employment opportunities for residents of eastern Oregon and will be renamed the EOU Learning Center. This expanded library will incorporate state of the art technology increasing access to distance education services, job retraining, aid in the education and application of nursing services, and support public and school libraries throughout Oregon. The Learning Center is the next step in a 10-year strategy to improve and sustain the economy and quality of life in Oregon’s 10-county, 41,178-square-mile, easternmost region. The first phase of this project will begin with the support of local government and private sector entities, as well as sister academic institutions throughout the state. These partnerships will help initiate the process to integrate academic curricula with community development through regional and statewide collaborations. Phase I will establish key academic partnerships in several areas of regional and national need.

2. Rural Frontier Delivery Healthcare Education Program: Eastern Oregon University (EOU) requests $1.5 million for continuation and expansion of the Rural Frontier Delivery (RFD) program to provide educational resources and training for nurses to provide for unmet health care needs for residents who live and work in the rural communities of eastern Oregon. The specific objective of the RFD program is to curtail the critical shortage of registered nurses in remote counties of eastern Oregon.

Oregon Institute of Technology

1. Oregon Institute of Technology, Center for Health Professions: To enhance and expand capacity in the education of healthcare professionals and the workforce. The Problem: A significant long-term shortage of health professionals, including Nursing, in Oregon and throughout the nation.

   a. Oregon Institute of Technology, a significant provider of bachelor’s level education in the healthcare professions statewide, does not have the programmatic capacity to increase access to students to meet the workforce demand.
   b. OIT’s limited and dated facilities prevent it from increasing the number of students. In some fields, these limitations threaten accreditations.
   c. The nursing shortage will require expansion of educational programs.
   d. There is a need to prepare Oregonians for careers in healthcare as well as provide opportunities for continuing education.
The Solution: Establish a Center for Health Professions at OIT.

a. Build modern facilities to strengthen OIT’s bachelor’s degree programs.
b. Provide opportunities to develop significant new and strengthen current partnerships with Oregon’s healthcare providers.
c. Enhance and expand educational programs, clinical and laboratory experiences, and applied research.
d. Provide new opportunities to partner with regional medical centers to increase services in rural areas.
e. Enhance partnerships with OHSU and community colleges to increase the workforce in nursing.
f. Develop continuing education opportunities for employed healthcare workers.

2. Building WISE (Women In Science and Engineering) Scholars: The goal of this project is to encourage and enable women to pursue careers in engineering and other sciences. Many studies have indicated that women have increased their presence in the U.S. workforce, but they continue to lag behind men in engineering and the sciences. Educators and employers recognize that this is a problem where women account for less than 9 percent of all U.S. engineers. OIT believes that there is a lot of untapped talent at a time when it is most needed. Furthermore, a part of the problem can be traced back to the nation’s universities, where retention rates for women studying engineering are poor, particularly in the freshman and sophomore years. WEPAN (Women in Engineering Programs & Advocates Network) reports that while women may achieve the same academic success as their male counterparts, female students in engineering and science must struggle with a university environment still heavily dominated by men and often a gender-biased classroom environment. Women face roadblocks that discourage many from pursuing careers in engineering and sciences. OIT believes that the proposed project will enforce the success of women students majoring in engineering and other sciences.

3. A Proposal to Support the Growth and Development of a Clean Energy Business Incubator: OIT requests funds to support the growth and development of a clean energy-oriented business incubator to help emerging businesses develop applications for their technologies, develop business plans, and find investment capital. Many clean energy businesses are not prepared to make the jump between product development and marketing. The OIT incubator will complement the renewable energy development and commercialization projects in OREC. This incubator will provide opportunities also for clean energy entrepreneurs to receive management training, market research, and business development. The incubator focus would be on investor needs and interests, helping businesses find venture capital and markets for their products.

Oregon State University
1. Business and Information Technology (BIT) Extension Program: This pioneering outreach program will assist Oregonians in adopting leading-edge technology as an integral part of their community, business, and personal lives. Residents will gain business and information technology skill sets that are especially useful in fostering new enterprises and economic diversification in disadvantaged areas. BIT Extension training will widely benefit audiences of all ages statewide by offering three inter-related program elements. (1) Adult components enhancing business, local government, agencies, and non-profits use of technology through applied learning – then sharing. Modeled after the very successful Master Gardener program, some learners will become BIT Masters who provide a formal “payback” by sharing what they learn with other interested groups and individuals. (2) Youth components in which 4-H Youth Development program participants learn in order to teach their families and other youth. Applied 4-H projects will also advance small community’s use of technology and create business opportunities for youth trained in providing technical support for rural interests in remote Oregon regions. (3) OSU student components provide a 12 week funded Extension BIT Internship along with academic credits for students infusing technology into small rural enterprises, communities, and governments. These students will be located in County Extension offices throughout the state to conduct projects in tandem with mentoring OSU Extension staff and campus faculty.

2. Virtual Center for Transboundary Waters: A Universities Partnership: To create shared knowledge and open dialogue among parties involved in transboundary water issues across the nation and the world, OSU is proposing to establish the Virtual Center for Transboundary Waters, a consortium of expertise including nine universities on five continents. OSU will serve as the lead administrative institution and will partner with Sandia National Laboratories Cooperative Monitoring Center as the North American node. The activities of the Virtual Center will focus on key socioeconomic and geopolitical issues in transboundary water management at local, regional, national, and international levels. All activities would be explicitly linked and integrated within four coordinated Virtual Center focus areas: (1) Shared and unified data accumulation, analysis, and distribution; (2) Training workshops for local, regional, and international basin stakeholders; (3) Coordinated applied research; and, (4) Graduate and professional certification in transboundary water resources management.

3. Fire Intensified Research and Education (FIRE) Program: Experiences in Oregon have demonstrated that programs integrating fundamental and adaptive research with extended education, conducted in close cooperation with local resource managers, can be very successful. A key ingredient to success is placing interdisciplinary teams of scientists in local communities where problems are most pronounced. This was clearly demonstrated by the Forestry Intensified Research (FIR) Program (1978-1991) and the Coastal Oregon Productivity Enhancement (COPE) Program (1987-1999). These programs provide a model of interagency collaboration to meet the most pressing information needs. But the funding mechanism used in FIR and COPE, earmarks to federal appropriations that redirected existing research dollars to the university, is not desirable. Building on these successes of interagency science
partnerships and proposing a different funding model, the FIRE Program will provide research-based information focused on local needs determined by local information users and scientists working together as managers solve actual problems. Unlike FIR and COPE, research funding would come from an authorized portion of total appropriations for fuels management treatments, fire management, and post-fire restoration work.

The plan for the FIRE Program in Oregon is a model that could and should be replicated in other western states. In Oregon the model calls for the establishment of four interdisciplinary, interagency teams of scientists with one team located in each of the following areas: Southwestern Oregon, east slope of the Cascade Mountains, Northeastern Oregon, and Corvallis. The Corvallis team will conduct research requiring sophisticated laboratory and analytical facilities. The FIRE Program will have a 12-year duration.

Portland State University

1. Engineering and Transportation Research in a Metropolitan Community: Portland State University and the region’s policymakers have been engaged in a partnership to: strengthen the central city and its urban university, enhance engineering and computer science programs to meet the industry needs, and build on the already existing signature transportation research center that exists at the University. Portland State University is seeking funding for a new engineering complex, including an intelligent transportation research center to prepare tomorrow’s transportation engineers and planners and to provide lifelong learning and training opportunities for the regions transportation agencies. This facility will serve as a research magnet for businesses needing close access to high quality faculty and students and provide needed assistance to the area’s transportation and planning agencies.

The proposed engineering facility is projected to cost $70 million, including $10 million in equipment donations. Additionally, PSU and its transportation agency partners have identified a need to expand intelligent transportation systems research. PSU will pursue a collaborative funding strategy for this facility, including local, state, federal, and private support. The State of Oregon has approved $26.5 million in Article XI-G bonds (where the State pays the debt service). Portland’s Mayor Katz has provided $5 million from the Portland Development Commission for this effort. Additionally, the University has raised over $8 million dollars from individuals, corporations, and foundations demonstrating a high degree of support from the philanthropic community.

2. Branford P. Millar Library/Middle Eastern Studies Center/Judaic Studies Program: Portland State University is seeking funding to enhance and increase the accessibility of its library collections in the area of Middle Eastern and Judaic Studies.

The Middle East Studies Center (MESC) is the first federally supported undergraduate program in the United States for Arabic language and area studies. Dating from 1961, the Center's mandate today is to support the academic study of the Middle East at PSU.
and to provide information on the people, cultures, languages, and religions of the region in an open and objective atmosphere. MESC is one of PSU's oldest, successful institutional bridges between the campus--its resources and expertise--and the community. MESC also serves as a regional information center providing support to political, business, media, and educational systems throughout the Northwest and the nation. In addition to this longstanding focus on Middle Eastern studies, Portland State University has recently begun the process of expanding an innovative community-based Judaic Studies Program, primarily funded through private donations. Beginning in 2001, PSU is host for the Oregon School of Judaic Studies, a regional partnership of schools that offer courses to students and the general public on Israel and the Middle East taught by visiting faculty from Israel and the United States.

3. Interdisciplinary Center for Law and Entrepreneurship (“ICLE”): The School of Business at Portland State University and the Lewis & Clark Law School are embarking on a nationally unique collaboration to teach future lawyers and business people how to work together to assist developing businesses. The ICLE will advance economic development in the region by assisting small and emerging businesses with legal and business advice, and produce better-trained lawyers and MBA’s in the process.

Future business leaders and lawyers need to know how to leverage each other’s strengths to achieve more efficient and effective outcomes. Entrepreneurs need attorneys who can recognize critical risks and further the entrepreneur’s cause without “overlawyering.” Entrepreneurs need to understand legal, as well as business, risks in order to successfully negotiate the start-up process. The educational goal of ICLE is to find ways to enhance these abilities by providing shared classroom and clinical experiences for MBA students from Portland State University, and law students from Lewis & Clark Law School. Working together in teams, law and MBA students will be interviewing, analyzing, and providing recommendations on issues faced by regional business clients. Of equal importance, ICLE will provide emerging businesses with legal and business consulting. Evidence indicates many such businesses do without legal and business planning assistance because of cost or lack of availability. With assistance from ICLE, early stage businesses will be in better condition to survive and perhaps grow into the next Pixelworks, Planar Systems, Mentor Graphics, In Focus, Tektronix, or Intel. Economic development starts one business at a time, and ICLE will serve many such businesses each year.

Southern Oregon University

1. Computer Security Information Assurance: Growth in the number of students enrolled in the Southern Oregon University Computer Science program has resulted in its ability to recruit faculty with substantial professional as well as academic teaching experience. In conjunction with Oregon’s Engineering Technology Industry Council (ETIC), Southern Oregon University has developed one of the few undergraduate Computer Security Information Assurance (CSIA) programs. In addition to the development and implementation of integrated plans for physical and cyber protection of critical infrastructure and key assets, the CSIA program at Southern Oregon
University is a fast-growing training ground for workforce-ready graduates trained to protect the integrity and security of the computer network infrastructure.

Southern Oregon University seeks to expand the CSIA program to directly assist first-responders and officials statewide during an emergency. Federal funding would allow Southern Oregon University and the CSIA program to complete technical planning and enhance the CSIA curriculum and enhance the program’s applied education, increasing the number of workforce-ready CSIA graduates, and supporting applied research. CSIA courses would be enriched, two courses added, and online courses would be developed. The Oregon Trial for Emergency and Security Technology (O-TEST) is a secure interoperable information network that will support first responders during emergencies. O-TEST planning will be supported through direct involvement with the O-TEST steering committee.

2. AuCoin Institute for Ecology, Economics & Civics: Southern Oregon University is working to become a model of higher education instruction for: training scientists and public policy makers to be at home in their alternative professional worlds; integrating the fields of ethics, economics, sociology, the natural sciences, history, and political science into the field of environmental education; and community education and conflict resolution on western public lands policy, with a particular focus on assistance to stewardship training for private property owners. The University is requesting funding for institutional development of the Institute. The Institute will serve as an educational training resource for federal wildlife and resource employees whose academic experience typically does not adequately prepare them to intermediate effectively with private property owners, policy makers, and the public at large. It will prepare future policy makers with an improved understanding of scientific processes. It will conduct community forums and conflict workshops to help residents of the region manage their resource-use differences with civility and improved understanding of each other’s unique traditions and needs. It will also feature visiting scholars representing a diversity of views about western lands to assist SOU faculty develop cross-cutting courses of study and to conduct university-sponsored community forums on major environmental-economic issues such as wildfire, salmon, and preservation of agricultural lands, environmental collaborators, mill owners, union works, and conservationists.

3. Center for First Nations Studies: Southern Oregon University is a small regional liberal arts and sciences non-PhD granting university with faculty primarily engaged in teaching. Southern has a high faculty to student ratio serving a diverse population including many underprivileged, first-generation college students from rural areas in Alaska, Hawaii, and Oregon. Southern Oregon University is committed to diversity, and regional distinctiveness and responsiveness. An example of that commitment is the Native American Studies (NAS) program, which emphasizes the culture, history, art, and literature of the indigenous peoples of the United States and Canada. It is the only one of its kind in the Oregon University System. Areas of emphasis for the Center include cultural and language preservation, and conflict resolution between/among the urban and rural native tribes. The Center will be working with rural tribes to identify and address sovereign nation and legal issues across governmental entities and
international groups. A concentration for students and faculty will be the awareness and preparedness of Homeland Security measures of Native American Nations and trust lands in rural western United States.

University of Oregon


It is recommended that $6 million be included in the RDT&E, Medical Research section of the Department of the Army’s FY 2004 budget for continuing development of the BBMI in association with TATRC. The major new objective would be to develop an advanced fMRI facility optimized for animal studies to permit the direct study of genetic influences on brain function. These small animal and mammalian studies, supported by further enhancements in UO’s genomics, proteomics, and neuroimaging research facilities, would be integrated with studies of human brain function and behavior. Specifically, UO would begin to use the results of the fMRI studies of genetically manipulated animals to guide studies of brain structure and function in humans. Such studies ultimately would include human subjects at risk for specific genetic disorders, and those in whom disease-related genes have been expressed. Through the continuing DoD support, UO would be uniquely positioned to address the most fundamental questions about the human brain and mind through combining its expertise in molecular biology, the genetics of neural development, and cognitive neuroscience.

2. Museum of Natural History - Collections Storage Facility and Research Laboratory: The University of Oregon Museum of Natural History is running out of room. Its collections, now held in five buildings on campus in addition to the main museum building, grow continuously through gifts and with the specimens and related data generated by ongoing archaeological research in Oregon. To continue to provide and support research and educational opportunities, and to ensure the security of the collection, the museum must improve and expand its collection storage areas. The needed facility would provide new collections space, storage shelving, faculty and administrative offices, laboratory space, and field equipment storage. It would replace antiquated and irreparable facilities, greatly improving the physical conditions under which much of the collection is currently stored.

3. Inherently Safer Materials and Manufacturing Initiative: The University of Oregon Inherently Safer Materials and Manufacturing Initiative is a research project merging green chemistry and nanoscience to enhance public safety, security, sustainability and economic development. The use of chemical substances or materials in our society presents a number of risks to human health and the environment. In addition to the direct impacts of the materials, many manufacturing processes do not make efficient use of raw materials and are therefore not sustainable processes. Plus, the use of large volumes of hazardous materials in manufacturing environments poses
additional security risks because these materials may become targets for terrorist groups. Each of these risks can be substantially eliminated by rational (re)design of chemical products and processes employing the principles of “green chemistry.” Researchers within UO's Materials Science Institute are now defining the field of green nanoscience and are poised to make major breakthroughs in this emerging field that will bring together fundamental new properties found at the nanoscale with green chemistry principles to produce: (1) safer products and processes – through deliberate design at the molecular or nanoscale level, products and processes are invented that pose dramatically decreased risk to human health; (2) more secure manufacturing facilities – safer products and processes can be designed that eliminate the use of large volumes of potentially dangerous materials that could be terrorist targets; and (3) products and processes that make more efficient use of raw and reusable resources can be designed to minimize impact on the environment.

(No Board action required.)
Board Work Session Meeting, January 16, 2003 95
Regular Board Meeting, January 17, 2003 113
System Strategic Planning Committee Meeting, January 16, 2003 135
Budget and Finance Committee Meeting, October 18, 2002 149
Budget and Finance Committee Meeting, January 17, 2003 157
1. **Call To Order/Roll Call**
   The meeting was called to order at 3:45 by President Lussier. The following Board members were in attendance:
   - Kerry Barnett
   - Geri Richmond
   - Roger Bassett
   - Phyllis Wustenberg
   - Leslie Lehmann
   - Tim Young
   - Jim Lussier

   **Chancellor’s Office staff present:** Chancellor Jarvis, Tom Anderes, Shirley Clark, Grattan Kerans, Ben Rawlins, Virginia Thompson, Diane Vines, and Susan Weeks

   **Others:** Philip Conn (WOU), Phillip Creighton (EOU), Martha Anne Dow (OIT), Lesley Hallick (OHSU), Tim White (OSU), and Elisabeth Zinser (SOU)

   Meeting attendees also included other institutional representatives, members of the Chancellor’s Office staff, and interested observers.

2. **Action Items**
   a. **System Strategic Directions 2003-04**

   **Summary**
   This document contained the Strategic Directions proposed by the Board President for the period January 2003 through December 2004. It follows the themes discussed at the Board Renewal session in July 2002 and provides additional context for the Work Plan adopted by the Board in December 2002.
A. **System Design**: Examine the operating framework of the Board and the System, and strengthen the working relationships of the Board, System, and institutions:

1. Develop a **Decision Structure** to best achieve the goals of public higher education in Oregon.

   a. Clarify the decision-making structure of the **Board** of Higher Education
      1) Set an annual agenda
      2) Modify meeting format and frequency and the use of committees to improve Board effectiveness
      3) Assign to committees the appropriate strategic initiatives
      4) Review and update the Board Bylaws

   b. Articulate the roles of the **Chancellor and the University presidents** in development of policy recommendations for the Board and in implementation of Board policies and achievement of Board goals

   c. Develop appropriate **System and institutional** roles and relationships to improve the efficiency and effectiveness of both within an integrated system of higher education
      1) Adopt and promote the Flexibility Initiatives in the 2003 Legislative Session

2. Develop a **Strategic Development Plan** for OUS with which institutional plans should be compatible and supportive.

   a. Adopt a **vision** for OUS

   b. Develop a statement of the OUS **goals** and anticipated services to the citizens of Oregon

   c. Refine **mission statements for each University** and align with OUS vision and goals, identifying distinctions between and strengthening collaborative relationships among the institutions

   d. Develop **policies** that include measurable outcomes and outline the respective OUS and University responsibilities for:
      1) Quality and enrollment management
      2) Increased diversity of students and faculty populations
      3) Access and admission standards
4) Tuition and fees (see B.2 on Affordability)

5) Academic program approval

e. Strengthen the role of the OUS and individual institutions working with the business community in support of Oregon’s **economic development**

f. Identify unmet higher educational needs of the state

3. Develop policies to facilitate and direct the System and the Universities to increase the effectiveness of their **partnerships** with:

a. Oregon community colleges to optimize access through dual enrollment, articulation, and transfer

b. Oregon K-12 Education to support seamless transitions through K-16

c. Other Oregon state and local government agencies to maximize public services during times of restrained public funding

4. Explore effectiveness of current **governance** structures as needs arise.

a. Local university advisory boards – assess possible scope of responsibilities in the light of progress with the Flexibility Initiatives presented to the 2003 Legislature, and determine whether formal Board policy statement is necessary

b. Joint Boards – assess ability to achieve goals with Oregon community colleges and K-12 under the current structure

**B. Propose a new Higher Education Financial Strategy for Resource Acquisition (The Deal)**

1. Establish an agreement with the State to define a foundation for funding the **quality** of OUS institutions that will be competitive nationally: by providing State support for OUS indexed at 80 percent of the average funding of peer institutions by 2003, growing to 85 percent in 2005 and 90 percent in 2007. Examine implications for Oregon public finance policy.

2. Improve **affordability** by increasing **financial aid** resources available to qualified Oregon residents through the Oregon Opportunity Grant, institutional aid programs, and System policy on tuition revenue set-aside.

3. Establish competitive benchmarks for the **compensation** of faculty, staff, and administrators so that Oregon can maintain a competitive position in the nation.
4. Pursue avenues for **new sources of revenue and/or expense reduction**.
   a. Partnerships with business and industry
   b. Increasing the use of philanthropy
   c. Developing enterprise opportunities
   d. Reducing overhead expenses, System-wide and institutionally
   e. Reviewing PERS and other related benefit expenses

5. Increase **flexibility in the use of non-state revenue** through the implementation of the Board-approved Flexibility Initiatives.

6. Seek authority to use Bond proceeds to fund all **delayed facilities’ maintenance** programs by 2004.

7. Continue to **identify unmet educational needs of the state** and prioritize suitable candidates for targeted initiative funding.

C. **Create and Promote a new Social Contract/Covenant with the citizens of Oregon and with State Government**

1. Document and promote the critical **importance of higher education** for all qualified Oregonians.

2. Provide a specific **strategic plan implementation schedule** to insure that OUS and the Universities meet the identified needs of the state.

3. Ask the citizens and government of the state to increase their **investment** in higher education (as proposed in The Deal).

4. Facilitate the increase of institutional specific **philanthropy**.

5. Create an OUS/citizen **advocacy program** for higher education in Oregon.
   a. Business Support (AOI, Oregon Business Council, Chambers of Commerce, etc.)
   b. Government (Governor and legislative leadership)
   c. The general public
   d. Other education sectors
Staff Recommendation to the Board
Staff recommended that the Board approve the System Strategic Directions 2003-04 as a blueprint for developing strategies to move the agenda of the Board forward.

BOARD DISCUSSION:
Using a power point presentation, Director Lussier outlined the key points of the System Strategic Directions. (A copy of the PowerPoint presentation can be found on the web at http://www.ous.edu/board/meetingmaterials.htm).

At the conclusion of the presentation, Director Wustenberg asked if any consideration had been given to prioritizing the list of important activities needing Board attention. President Lussier responded that each of the Committees would be focusing on that during their meetings. He observed that some of the items would have to come first as the System prepares for the legislative session.

Director Bassett thanked President Lussier for his leadership in assuring the document was prepared, indicating that it provides a sense of where the Board is at any given time. In addition, he requested that President Lussier continue his leadership role in keeping the Board focused and, after discussion, on target with the priorities and time lines to which the Board has agreed.

Director Wustenberg asked about the work of the Joint Boards and if there were any working agreements among the leaders of the other education sectors that related to the present plan. President Lussier commented that relationships are becoming much stronger and clearer. There may be more impetus toward collaboration because of the environment of very scarce resources. “I don’t think we can afford to play a zero sum game because we’re not going to win in that kind of environment,” he added. He underscored that it was extremely important for the Board of Higher Education to continue to exert leadership in advancing the agenda of all of the educational enterprise.

Both Directors Lehmann and Bassett concurred and added that members of the Board of Education appear ready to work on the same strategic priorities as higher education. Director Bassett added that the key to working collaboratively is to view the work from the students’ perspective. “From a student’s point of view, it takes an experience in all three sectors, or at least two (K-12 and post secondary) to finish what they would see as their preparation for life. I think it’s not so easy for those of us in advocacy roles for one sector to remember that or act as though that is a priority,” Director Bassett offered.

Director Richmond observed that the System Strategic Directions articulates the momentum that the Board is experiencing in its work. “I also want us to keep track of the fact that we, along with K-12 and community colleges, pass on knowledge – that’s what we do when we teach. But our research universities also generate new knowledge and that is a strong component of what we do which is quite different than the other parts of the education system, and I don’t want us to lose track of that aspect of our mission,” she added.
Chancellor Jarvis, in checking perceptions and understanding regarding the use of the System Strategic Directions, asked if the document now would go to the Committees where work plans would be developed. President Lussier indicated that was his goal, adding that some of the topics had already been designated for one or the other of the Committees. That work would then be mapped onto a master planning document where the progress could be tracked.

President Creighton offered that most of the institutions were doing many of the things described for the Board. “What happens, now,” he added, “is the coherence of these efforts locked together through the document and that is the real benefit of the current effort.” Presidents Zinser, Conn, and White concurred and added that the presidents had many opportunities to discuss the topics included in the System Strategic Directions.”

There was general agreement that the System Strategic Directions 2003-04 should be adopted at the full Board meeting and that the System Strategic Planning and Budget and Finance Committees would review it, indicate those areas of their responsibility, and begin building a work plan.

b. Board Work Plan and Committee Assignments

DOCKET ITEM:

SYSTEM GOALS, PRIORITIES AND DECISIONS: 12-24 MONTHS

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<thead>
<tr>
<th>System Design Strategy</th>
<th>Committee</th>
<th>Due Date</th>
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<tr>
<td>A. Develop an OUS policy on access and affordability.</td>
<td>SSP, Joint Boards</td>
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<td>B. Within parameters set by the Board, approve an OUS policy on tuition for use by institutions in proposing tuition increases.</td>
<td>SSP, Flex Initiative</td>
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<td>C. Develop an OUS policy on expediting academic program initiation and approval.</td>
<td>SSP, Flex Initiative</td>
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<td>D. Across the System, promote collaborative partnerships with community colleges to:</td>
<td>SSP, Joint Boards</td>
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<td>• Increase dual enrollments</td>
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<td>• Facilitate transfers</td>
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<td>E. Continue to revise the existing OUS strategic plan by:</td>
<td>Vote: 12/20/02</td>
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<tr>
<td>• Approving the new Vision for OUS</td>
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<td>• Working toward differentiated mission statements for each institution</td>
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F. Revisit the adopted OUS policy on Governance and use of University Advisory Boards for each institution in OUS

Defer SSP consideration until Flex Initiative outcome is determined

Financial Strategy

A. Propose legislation or amendments to existing statutes that would allow OUS and member institutions more financial flexibility.

B. Outline possible new sources of revenue/expense reduction for OUS.

C. Gain Legislative/Executive agreement on The Deal, to provide a funding floor to support the access-quality relationship.

D. Continue to pursue improvement in need-based student financial aid using other states, for example the state of Washington, as templates.

Social Contract/Covenant (Board)

A. Develop specific recommendations to modify the role and relationship between the State of Oregon and OUS.

The Deal and Flex Initiative

B. Develop a comprehensive advocacy program for higher education targeted to the general public, government, and business.

Compensation Committee report

C. Review status of Board policy and System practices regarding achieving competitive faculty, administrative, and staff salaries.

BOARD DISCUSSION

The items included in the Work Plan were incorporated into the discussion around the System Strategic Directions. No action was taken in the Committee meeting.

3. Discussion Items

a. Chancellor Goals and Objectives for 2003-04

CHANCELLOR’S GOALS FOR 2003-2004

The Chancellor has responsibility for:

• supporting the Board in carrying out its core functions and in meeting its fiduciary obligations for the System, including the development and allocation of resources to achieve the institutions’ and System’s purposes and goals;
• supporting the Board in the establishment of Board goals and measures of progress;
• support the Board in reviewing, revising (as needed), communicating, and implementing Board policies;
• working with the Board in appointing institutional presidents and key System staff;
• creating the organizational framework and management expertise within the OUS that enable the institutions and System to provide Oregon strong educational and research services, support for economic and community development, and especially access to high quality higher educational opportunities at an affordable cost for all Oregonians;
• ensuring that all applicable policies, laws, and mandates are followed; and,
• building public understanding of and commitment to investing in the essential roles of higher education in realizing a strong Oregon for its citizens, businesses, communities, and environments.

Each year the Board and the Chancellor will agree to a set of annual goals that, along with the Chancellor’s job description and contract, form the criteria used in his evaluation. Following are the Chancellor’s proposed goals for 2003.

1. **System Design, Policy Development & Planning.**

Provide leadership to the Board and the presidents to establish a decision structure that strengthens the effectiveness and efficiency of collaboration between and among the Board and Chancellor, the Chancellor and the institution presidents, and among the institution presidents.

The Chancellor and his staff will:

1.1 Work through a planning process with the Board that will result in clear direction for the ways in which Board goals will be articulated, adopted, and accomplished.
   1.1.1 Develop preliminary statements of OUS vision and goals for Board approval.

1.2 In areas targeted by the Board for policy review and development this year (such as quality, affordability, and access), provide the Board with the research and other tools required to arrive at new policies that may be required to achieve the goals established by the Board.
   1.2.1 For any new policies approved by the Board, develop implementation plans and measurable outcomes to determine the level and timetable of accomplishment.

1.3 Assure timely and useful staffing to Board committees.

1.4 Working with the presidents, refine institutional mission statements and assure they are aligned with OUS vision and goals.

1.5 Establish productive working relationships between the Chancellor and the institution presidents, individually and collectively, that will help to implement Board policies and to provide System services to the campuses that are consistent with Board policies and expressed values.
1.5.1 At least once a year report to the Board on the successes and
challenges found in collaborative/cooperative endeavors.
1.5.2 Review the performance evaluation program for presidents (and propose
modifications/changes as advisable) and evaluate alternative models of
presidential compensation and contracts to ensure that OUS remains
competitive nationally.
1.6 Develop with the Board and the institution presidents strategies to improve the
relationships between and among all sectors of the K-16 community in Oregon
1.6.1 Establish productive working relationships with the State Superintendent
of Public Instruction and the Commissioner for Community Colleges and
Workforce Development
1.6.2 Assess ability to achieve Board goals with Oregon Community Colleges
and K-12 under the current Joint Boards structure
1.6.3 Work closely with the Joint Board to promote closer collaboration
between OUS and the Oregon Community Colleges
1.7 Working with the presidents, members of the business community, and
appropriate agencies of state and local governments, establish mechanisms b
strength en the effectiveness of OUS and the institutions in support of economic
development in Oregon.
1.8 Manage the System Administration (“Chancellor’s Office”) as efficiently and
effectively as possible, delegating to the campuses those processes and
services that can be better performed or delivered there and regularly reviewing
the value-added provided by activities that are retained centrally.
1.8.1 Review administrative structure of staff reporting to the Chancellor in the
light of the strange work style of the new guy

2. Budget Acquisition/Legislative Campaign.
During the 2003 Legislative session, in particular, and for the foreseeable future,
a primary responsibility of the Chancellor will be to develop a plan to achieve the
best possible results in terms of stable and increased funding and attention
focused on the challenges facing the Board and OUS.
2.1. Work with the Board and presidents to develop a strategy to build an agreement
or set of agreements with the state on the relationships between funding, quality,
access, affordability, and enrollment management across the OUS.
2.2. Develop a package of administrative efficiency/“flexibility” initiatives that will
encourage the state to empower the Board, and in turn, through the Chancellor
and presidents, the System and the institutions to operate more efficiently.
2.3. Staff a review by the Board of procedures to determine faculty and staff salary
targets & evaluate progress in achieving them.
2.4. Coordinate legislative efforts of Board members, presidents, and OUS staff

3. New Social Contract with the State
3.1. Develop an advocacy plan for the Board to support the legislative and budgetary
agenda for OUS, and to establish a secure and sustainable long-term
commitment of all major stakeholders in Oregon to support higher education
3.2. Establish the personal networks within the state for the Chancellor to serve as an effective advocate for public higher education

4. Personal & Professional
   4.1. Teach freshman course in discipline (physical geography) at different campuses within OUS
   4.2. Establish presence in national professional associations in higher education

BOARD DISCUSSION
Chancellor Jarvis briefly reviewed the areas of his goals and objectives for 2003-04 and indicated the ways in which they reflect the goals and objectives of the Board. He indicated that these would be included in my performance evaluation.

b. Board Advocacy During 2003 Legislative Session

The Board was presented with a packet that contained an Advocacy Plan for the State Board of Higher Education. The overall goal of the plan is to support the legislative and budgetary agenda for OUS and to establish a secure and sustainable long-term commitment to the support of higher education of all stakeholders in Oregon, including the general public, government, and business.

Included in the presentation and the materials were:
1. A suggested list of constituent groups that included legislators; community/civic groups; business related groups; partner, agency, and education groups; and the media.
2. Suggested Board advocacy activities that are intended to increase public understanding of the critical issues affecting students and the System, and communicating System and partner efforts that will maintain access, quality, and accountability of our public universities for all Oregonians.
3. Tools such as talking points, fact sheets, “leave behinds,” PowerPoint presentations and speeches, and so forth.

Board members were asked to complete a Board Advocacy Form that would provide staff information as to which Board members would be interested in and effective with particular individuals and groups.

BOARD DISCUSSION

Chancellor Jarvis introduced an advocacy plan and reminded the Board that one of the purposes for placing the topic of advocacy on the Board’s agenda is that a number of directors have pressed him for assistance with the advocacy role that the Board should play, in particular with regard to the upcoming legislative session. The focus is on how the System office can support the Board members’ efforts to support the agenda and priorities that have been discussed.

Vice Chancellor Vines highlighted the purpose of the materials included for Board use:
• Overall goal of the advocacy plan, derived from President Lussier’s work, to create and promote the new social contract and covenant with the citizens and state government.
• Identify constituent groups the Board wants to reach: legislators and legislative leadership at both the state and federal levels, the community and civic groups and leaders, business-related groups, and so forth.
• Listing of a range of advocacy activities as a guide for Board members use.
• Listing of tools Board members could use including items such as talking points on identified issues, fact sheets on items of high interest, including The Deal, speeches given by the Chancellor, and so forth.
• “Who to Call” includes phone numbers and email addresses for people in the System office who can be contacted and areas of expertise.
• A Board Advocacy Form which provides the names of groups that Board members can use if they know some individuals within those groups.
• An list of suggested ways to talk to the press and ways in which staff can provide assistance.

Mr. Kerans reviewed items related to Board legislative outreach. He reviewed a calendar and tentative time line for both state and federal legislative matters. He reminded the Board about some cautions or “don’ts” of working on political issues. The first is that Board members are free to speak on their own behalf and can be identified as a member of the Board of Higher Education. However, the Board itself cannot take a position. Secondly, Board members are limited in the number of hours they can spend in direct face-to-face time with legislators without having to register as a lobbyist.

Director Bassett indicated that he understood the application of all of the materials, but expressed the belief that it seemed too much one way. “Just as it is appropriate for us to deliver our message to others, it is equally as important that the messages of the folks out there come to us with more or less the same discipline,” he observed. “So it would be helpful to me, in thinking of advocacy in the broadest sense, that anything with the definition of ‘do’s and don’ts,’ include as much attention to how we bring what we hear out there back here and that we make it a part of our deliberations.”

In response to a request from Director Lehmann for one or two points that a Board member might use in discussions about higher education, Chancellor Jarvis responded that he would share with the Board the “take-aways” that he is using when he meets with legislators or others in public arenas. One of the first areas of frequent conversation is enrollment – the history and the future of enrollment trends. The point to be emphasized is that the System saw the loss of half a decade of enrollment growth in the 1990’s post Measure 5 era. “We’re now facing the possibility of another plateau as resources flatten. This plateau is coming at the same time we would, in fact, be projecting sustained and, indeed, increasing enrollments.” Chancellor Jarvis expressed deep concern that the same patterns of the early ‘90s are on the horizon again. Already in this biennium the System has suffered a greater loss in dollars, down five percent against real earnings, and a greater increase in enrollment in just these two years than in the entire decade of the 90’s. Said another way, there is a growing gap between
enrollment pressure and resource availability. “Whenever you talk about access denied, the public image tends to focus on students unable to achieve admission to an institution. But,” Chancellor Jarvis emphasized, “that drives through a lot of categories. Some students never appear; some are unwilling or are unable to take on substantial loan debt and that impacts most harshly on those who are the most needy. The point that the campuses always make very forcefully, is that “a reduced number of class sections limits choice and academic process and denial out is the same as and as adverse as denial in.”

Director Lussier stressed that it must be very clear that if you adjust for inflation, there is even less money and that is a difficult concept to get across to people.

Another point is that the Opportunity Grant, as the primary source of financial aid, is a top priority and the resources appear to be continuing a downward slide. The amount available and the number of students receiving funding is virtually flat and the proportion of students who are eligible for the Opportunity Grant is diminishing biennium by biennium. “At the present time the grant provides 10 percent of the need,” Chancellor Jarvis underscored. “The target level for increased support, if indeed the request of the coalition were granted, which is going to be a tough lift, is to get that up to 15 percent. And even then, only one in three eligible applicants will be funded next year.” Frequently, in his presentations, the Chancellor makes the comparison with the state of Washington that reveals that we are far short of where that state is, as well.

In legislative briefings, deferred maintenance is also included. It presents another major set of problems for the System and the institutions. Highlighted in the conversations is the fact that campus buildings are aging – half of all facilities were constructed between 1960 and 1975 and this creates some serious risk factors.

Chancellor Jarvis concluded that when he talks with legislators, he avoids putting out a particularly large dollar figure because there is no way of knowing what that figure is at the present time. “What I say is, we are a System that has substantial unmet demand and we need to see a commitment to growth and access for public higher education in the state of Oregon. We need to establish a relationship between access and quality and then we need to invest in quality and I attempt to get at that through the device of seeking funding at 80 percent and then growing that over three biennia. The message that drives to is, invest in quality and stick with it. Financial aid is the third point that I always talk about because if the financial aid dilemma is not resolved, then we simply can’t address either of the other two. And, finally, we can’t simply address these items without the Flexibility Initiatives because they provide avenues for additional resources outside the state resource base.”

Director Lehmann asked that staff prepare a response to the comment people often raise that Oregonians pay more taxes or have a higher tax rate than any other state. On another point, she said she would like to be able to demonstrate the relationship between higher education and economic recovery.
Director Barnett indicated that another area needing more clarity is the use of the term “80 percent of national peers. In what percentile would that put us? It strikes me that it may not be clear to all audiences what a modest goal that is. My question in part,” he continued, “is how compressed are these funding levels? Does 80 percent of our peers put us in the 10th percentile, the 30th? Here is the problem. Eighty percent sounds higher than I believe it is because it sounds like it’s pretty close to 100 percent. We know that 100 percent actually equals average, but do others know that?"

An additional item of clarification was provided in response to a question of how often there is an adjustment in the peer comparison. Vice Chancellor Anderes pointed out that his office is currently conducting a thorough review of the updated figures of our peers. This kind of extensive review occurs, he indicated, about every four years since it is a fairly detailed process.

Referring to a point in the presentation about enrollment post Measure 5, Provost Moseley suggested adding an element that showed in 1989 an all time enrollment high. Then Measure 5 passed, enrollments dipped, and then went back up. He suggested that the graph could be convoluted with the freshman participation rate during that same period (approximately 22 percent in 1989), with a series of points that could be quantified. You could then make the point of a lost generation of students. This would be a way to make visible the point we all understand.”

Director Bassett observed that during the last drop in higher education enrollment the argument was that the students were going to the community colleges. “That is less true now than it was at an earlier time. Showing these facts would make it more difficult for those with decision authority to take an easy way out,” Mr. Bassett concluded.

President Lussier brought the discussion to a close by observing that it would be extremely useful for Board members to have a page with bullet points that could be used when they have only three or four minutes to make a point or get information conveyed. He reminded people that everyone needs to do a much better job of advocating for higher education.” I hope we expand the advocacy even more into almost a public relations campaign, to really get our point across and keep hammering at it because people do take us (higher education) for granted and I don’t think we can allow that current environment.”

4. Report Item
   a. 2003-04 OUS Enrollment Report

**DOCKET ITEM:**

**Summary**

Oregon University System (OUS) enrollment reached 78,111 as of the fourth week of class, up 5.7 percent over fall 2001. For the fifth year in a row, OUS has reached all time enrollment almost matching exactly the OUS projections. All campuses except Southern Oregon University reached individual campus enrollment records. First time freshman participation continues to fuel the increases. The growth in new resident
undergraduates has remained strong for five years, filling the enrollment pipeline and assuring large graduating classes for another five years. Specifically contributing to the growth are the large high school graduating class for 2002 and an increase in resident transfer and graduate enrollment. With the continued growth of high school graduates, a broadening gap in income between those with and without a bachelor’s degree, and the trend toward a knowledge-based economy in Oregon, demand for higher education in Oregon will likely be tempered in the current decade only by affordability.

In addition to the across-the-board growth in credit enrollment, an estimated 200,000 students will enroll in OUS noncredit courses in 2002-03.

Eastern Oregon University
Fourth week enrollment at Eastern Oregon University is up 14.8 percent, the largest percentage increase of OUS campuses for the fourth year in a row. Resident first time freshman counts are up 16.7 percent from fall 2001, to 286 students; nonresident first time freshman enrollment is steady; and transfer and graduate enrollment has increased, despite losing headcounts to programs offered through the OSU Cascades campus. The total enrollment also reflects an increase in nonadmitted students as Eastern continues to expand its outreach role in a region encompassing nearly one quarter the area of Oregon.

Oregon Institute of Technology
OIT shows a 1.7 percent increase in enrollment, with a continued increase in new transfer students from within the state making up for a 5.9 percent decrease in resident first time freshmen. This may be due in part to Klamath Community College students matriculating to OIT, as well as OIT’s unique mission drawing more transfer students from other parts of the state. OIT has taken over applied health services programs from Oregon Health and Science University, adding to their Portland presence. Since OIT graduates have a very high rate of employment after graduation, demand for their programs is likely to stay strong.

Oregon State University
With graduate level growth and strong retention, OSU managed a new all-time high enrollment of 18,774, up 4.1 percent overall, despite a lower undergraduate recruiting yield for the first time in four years. Campus administrative reorganization, expansion to central Oregon, and continued investments in engineering and research keep OSU in the public eye. The pharmacy program is now fully enrolled, finalizing the migration from an undergraduate to a professional level program.

Portland State University
Portland State continues to show increases in resident first time freshmen, with enrollment in that category up 10.6 percent. Strong growth for more than five years has allowed PSU to set a new OUS enrollment high of 21,841. Community college transfers and transfers from other OUS campuses are up significantly. PSU continues to support the Portland area, but is also attracting students from Oregon high schools and community colleges throughout the state and the west. Expanding partnerships with
OHSU, a continued effort to attract and retain first time freshmen, and joint admission programs with the urban community colleges make PSU attractive to both in-state and out-of-state undergraduates and graduates.

**Southern Oregon University**
Southern Oregon University enrollment has remained relatively flat for the fifth straight year with an increase of nine students over fall 2001. An increase in first time freshmen and community college transfers has not been enough to replace the graduating seniors. Nonresident enrollment is down slightly, likely due to California’s commitment to providing financial aid to their residents. Key programs such as Theatre Arts continue to draw more students than can be accommodated. However, recruitment efforts have not resulted in the desired overall enrollment increase.

**University of Oregon**
Resident first time freshman enrollment increased again this fall, up 3.4 percent over last fall, and up more than 15 percent in two years. Nonresident freshman admits were also up, possibly reflecting the positive reviews by national publications, including a listing among America’s “best deals” in colleges. UO continues its increasing trend in resident undergraduates, but graduate enrollment is up as well. With the remodel of Gilbert Hall under way, classroom capacity is likely to be challenged until construction is completed.

**Western Oregon University**
At 5,048, Western Oregon University has grown 3.1 percent overall, with improvements in nearly all categories. Western exceeded the 5,000-enrollment mark only seven years after surpassing the 4,000 mark in 1995. With teacher education drawing more students, graduate enrollment continues to lead the increases, and now accounts for over 9.5 percent of the admitted students.

**OSU Cascades Campus**
Headcount enrollment at Cascades Campus met expectations, increasing from 245 to 387 in OUS programs offered through the Bend campus. Program offerings have expanded, and other partners offering coursework through Cascades include Linfield College and OHSU, which are not reflected in OUS reports. The dedication of Cascades Hall in September adds to the visibility of the campus, local support has been strong, and joint or co-enrollment with COCC students is growing.
Tables A through C provide the 2002 and 2001 enrollment statistics.

Table A. Summary of OUS Headcount Enrollment 2002-03

<table>
<thead>
<tr>
<th></th>
<th>Change</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fall 2002</td>
<td>Fall 2001</td>
<td>Number</td>
</tr>
<tr>
<td>Undergraduate Resident</td>
<td>54,087</td>
<td>51,144</td>
<td>2,943</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>9,065</td>
<td>8,744</td>
<td>321</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>12,448</td>
<td>11,623</td>
<td>825</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>1,636</td>
<td>1,566</td>
<td>70</td>
</tr>
<tr>
<td>Law Resident</td>
<td>255</td>
<td>248</td>
<td>7</td>
</tr>
<tr>
<td>Law Nonresident</td>
<td>259</td>
<td>269</td>
<td>(10)</td>
</tr>
<tr>
<td>Vet Medicine Resident</td>
<td>54</td>
<td>55</td>
<td>(1)</td>
</tr>
<tr>
<td>Vet Medicine Nonresident</td>
<td>16</td>
<td>17</td>
<td>(1)</td>
</tr>
<tr>
<td>Pharm.D. Resident</td>
<td>216</td>
<td>146</td>
<td>70</td>
</tr>
<tr>
<td>Pharm.D. Nonresident</td>
<td>75</td>
<td>71</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>78,111</td>
<td>73,883</td>
<td>2,161</td>
</tr>
</tbody>
</table>

Definitions:
1. "Resident" fee category includes any student assessed resident fee rates.
2. "Nonresident" fee category includes students assessed the nonresident fee rate.

Table B. Summary of Institution Headcount Enrollment Changes 2002-03

<table>
<thead>
<tr>
<th></th>
<th>Change</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fall 2002</td>
<td>Fall 2001</td>
<td>Number</td>
</tr>
<tr>
<td>Eastern Oregon University</td>
<td>3,418</td>
<td>2,978</td>
<td>440</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>3,139</td>
<td>3,088</td>
<td>51</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>18,774</td>
<td>18,032</td>
<td>742</td>
</tr>
<tr>
<td>OSU Cascades Campus</td>
<td>387</td>
<td>245</td>
<td>142</td>
</tr>
<tr>
<td>Portland State University</td>
<td>21,841</td>
<td>20,185</td>
<td>1,656</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>5,478</td>
<td>5,469</td>
<td>9</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>20,044</td>
<td>19,008</td>
<td>1,036</td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>5,030</td>
<td>4,878</td>
<td>152</td>
</tr>
<tr>
<td>Total</td>
<td>78,111</td>
<td>73,883</td>
<td>4,228</td>
</tr>
</tbody>
</table>
Table C: First Time Freshman Enrollment 2002-03

<table>
<thead>
<tr>
<th></th>
<th>Resident</th>
<th></th>
<th>Total</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>2002</td>
<td>2001</td>
<td>% Change</td>
<td>2002</td>
</tr>
<tr>
<td>Eastern Oregon University</td>
<td>286</td>
<td>245</td>
<td>16.7</td>
<td>424</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>334</td>
<td>355</td>
<td>(5.9)</td>
<td>367</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>2,623</td>
<td>2,804</td>
<td>(6.5)</td>
<td>3,057</td>
</tr>
<tr>
<td>Portland State University</td>
<td>1,180</td>
<td>1,067</td>
<td>10.6</td>
<td>1,444</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>709</td>
<td>667</td>
<td>6.3</td>
<td>883</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>2,363</td>
<td>2,286</td>
<td>3.4</td>
<td>3,394</td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>752</td>
<td>747</td>
<td>0.7</td>
<td>796</td>
</tr>
<tr>
<td>Total</td>
<td>8,247</td>
<td>8,171</td>
<td>2.3</td>
<td>10,365</td>
</tr>
</tbody>
</table>

BOARD DISCUSSION:
Mr. Bob Kierans provided a brief overview of the report highlighting that the good news is that enrollment is up and the bad news is that enrollment is up. “This is the fourth year in a row the System has hit a record high enrollment, with six of the institutions also at record enrollment.” Resident undergraduate enrollment is up 10 percent over the last 10 years – from 42,500 to over 54,000 this past fall. In addition, the quality of entering students as measured by the SAT and ACT scores and high school GPA profiles of entering freshmen are better than the previous year, according to Mr. Kierans.

Ten years ago, Director Richmond recalled, the projection was for a large increase in student population. Mr. Kierans pointed out that they would have been projected at less than the current 78,111 level of today. One trend that was pointed out is that both Eastern and Portland State University are showing, through strong increases, a trend more toward the four-year student that they are able to recruit and retain.

Director Barnett observed that there appeared to be some discrepancies between the “F” in affordability that Oregon received in the “Measuring Up Report” with the accompanying indications that fewer and fewer students can afford to attend OUS institutions and the fact that the present report on enrollment indicates that enrollment is, in some instances, at an all time high.

Chancellor Jarvis responded that the major portion of the growth is not in first time freshmen but from other sectors of the population who, perhaps, can or will afford a greater loan debt. There was general agreement that a clear message should be developed to explain the two somewhat disparate concepts highlighted by Director Barnett.
President Lussier suggested that the Work Session should be adjourned and the discussion regarding enrollment would continue for a brief period of time at the beginning of the System Strategic Planning Committee meeting.

**BOARD ACTION:**
No Board action required.

5. **Adjournment**
The Work Session adjourned at 5:45 p.m.
1. **Call To Order/Roll Call**
   The meeting of the State Board of Higher Education was called to order at 10:15 a.m. by President Lussier.

   On roll call, the following Board members answered present:
   - Kerry Barnett
   - Roger Bassett
   - Leslie Lehmann
   - Jim Lussier
   - Geri Richmond
   - Don VanLuvanee
   - Erin Watari
   - Phyllis Wustenberg
   - Tim Young

   Absent: Directors Tom Imeson and Bill Williams because of business conflicts.

   **Chancellor’s Office staff present:** Chancellor Jarvis, Tom Anderes, Shirley Clark, Grattan Kerans, Ben Rawlins, Virginia Thompson, Diane Vines, and Susan Weeks

   **Others:** Dan Bernstine (PUS), Philip Conn (WOU), Phillip Creighton (EOU), Bill Danley (IFS), Martha Anne Dow (OIT), Dave Frohnmayer (UO), Lesley Hallick (OHSU), Rachel Pilliod (OSA), Tim White (OSU), and Elisabeth Zinser (SOU)

   Meeting attendees also included other institutional representatives, members of the Chancellor’s Office staff, and interested observers.

2. **Approval Of Minutes**
   - November 15, 2002, Executive Committee Meeting Minutes
   - December 20, 2002, Board Meeting Minutes

   The Board dispensed with the reading of the November 15, 2002, Executive Committee meeting and December 20, 2002, Board meeting minutes. Director Wustenberg moved and Director Richmond seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Lehmann, Richmond, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

3. **President’s Report**
   **Welcome**
   President Lussier welcomed the Board and other participants and wished everyone a Happy New Year. He indicated that the Board had a very ambitious agenda for the year as experienced in the Work Session the evening before. “We have a new Governor, the legislative session is underway, and our work plan is becoming very clear.”
Presentation to Don VanLuvanee

In a slight departure from the past, President Lussier remarked that he had learned, in being president of the Board for the past year, the amount of time that is required. “I wanted to start recognizing those on the Board who have consented to serve as president. Don, because of the time, commitment, tremendous service, and leadership you have given to higher education in Oregon, I’d like to present this plaque and gavel to you.”

4. Chancellor’s Report

Presidents’ Reports

Chancellor Jarvis pointed out that, as part of his report, the presidents would provide a brief update from their campuses.

Philip Conn mentioned two major accomplishments in the field of music. First, WOU had the inaugural concert of the Western Oregon Orchestra. Secondly, WOU was mentioned by Jazz Is magazine as one of two Oregon institutions having a great music school. The other Oregon institution is the University of Oregon. WOU Teaching Research has received, over the last three months, over $4 million in grants. This is not new for the unit, as it regularly receives between $5 and $6 million each year in grants, primarily through Federal sources. These resources fully fund approximately 50 faculty.

Dave Frohnmayer reported that the UO just released data from an economic impact study that shows the UO returned $10 to the local economy for every dollar that the state invests in the University. A new director has been named for the UO Museum of Art, which is now engaged in a construction project; the $40 million Lillis Business Complex, largely privately funded, is ahead of schedule; and the University is in the final phase of the Autzen Stadium construction. Finally, President Frohnmayer said they are preparing to launch a comprehensive capital campaign that will be in excess of $500 million.

Elisabeth Zinser acknowledged that Professor D. L. Smith had published a book, Miracles of Santa Pico, for which he has had an offer for film rights. Grant support over the last 18 months has increased three fold with a $99,000 grant from the McConnell Foundation in California and a $76,000 grant for teachers and faculty working together to enhance language instruction in the schools. SOU is partnering with the Oregon Student Assistance Commission (OSAC) to pilot a project where students go online and fill out one application to get information regarding financial aid. Finally, President Zinser reported some of the adjustments SOU was making to meet the resource shortfall.

Dan Bernstine indicated that two students are finalists for the prestigious Gates Cambridge Scholarship and will be traveling to Annapolis, Maryland for interviews. In February, PSU will have a request for Board approval for a public-private partnership to build a new dormitory on Broadway.

Phil Creighton highlighted that EOU is seeking formal affiliation with the Council of Public Liberal Arts Colleges, a unique collaboration and cooperation with SOU.
COPLAC assistance is very important for the definition of the mission of Eastern as it affiliates more closely with liberal arts colleges across the country.

_Martha Anne Dow_ announced that OIT’s basketball team is still ranked number one nationally. The College Union renovation, part of the OUS Aid Through Student Fees, is underway. A major endowed scholarship was presented by a graduate of the class of ’53 for Engineering Technology scholarships. It is the first investment of what is hoped to be up to a $500,000 endowment.

_Tim White_ said that, “Oregon State University is out of this world with Don Petit, an OSU graduate, on the space station.” A $4 million gift from Ken and Joann Austin will allow OSU to create a new program in entrepreneurship, to complete renovation of Weatherford Hall, and create an entrepreneurial center for students and faculty. Faculty in the Department of Environmental and Molecular Toxicology received a $6.8 million grant from the National Cancer Institute for research on carcinogens. There was a virtual groundbreaking in Portland of a new micro-products breakthrough institution. It is anticipated that within five years this will generate $20 million a year.

_Lesley Hallick_ indicated to the Board that OHSU is undergoing reductions in reimbursement from Medicaid and the Oregon Health Plan that are even more drastic than the other state reductions. The tram construction competition process is nearly complete and internationally renowned firms will be in Portland to share their designs. Dr. Hallick described them as exciting. The final stages of planning for the North Macadam development are underway.

_Chancellor Office Reorganization_

Chancellor Jarvis reported that he was in the process of moving his professional base of operation to the Portland office. This has necessitated changes in staffing and he announced that Ms. Diane Sawyer would be working as his assistant in Portland and Ms. Maggie Bice would continue as his assistant in Eugene. Ms. Susan Weeks has been appointed as the Deputy to the Chancellor for Planning and, in that role, will be supporting the work of the SSP Committee.

5. **Reports**

_IFS President_

Professor Bill Danley, the new IFS president, reminded the Board that the crumbling of the PERS would have severe implications for the faculty for years to come. “We must honor our state by honoring those who serve it by fulfilling the obligations we’ve made in the past and by preparing a solid future for those who will serve in the future.”

On the topic of revenue enhancement, Dr. Danley indicated that Oregon’s basic economic problem is that more money is spent than is taken in. He underscored his belief that what is needed is a new tax. The difficult resource situation will make for major issues regarding faculty compensation and other benefit packages they receive. (The full text of Dr. Danley’s comments is available in the Board’s office.)
Ms. Rachel Pilliod indicated that the OSA report focused on three issues: affordability, shared governance, and tuition surcharges. She said that people in Oregon are being priced out of an education because of increasing tuition charges and decreased levels of financial aid. In this regard, OSA’s three legislative priorities are to preserve and increase funding for the Oregon Opportunity Grant, to insure that tuition increases will be as low as possible, and reinstatement funding for the Student Child Care block grant.

Shared governance would, Ms. Pilliod explained, provide assurance that the entire campus is aware of administrative proposals and will have received time to provide feedback. Finally, Ms. Pilliod shared profiles of students, including her own, who are barely able to continue their education, financially, because of increased costs and diminished financial aid. (A complete copy of Ms. Pilliod’s remarks is on file in the Board’s office.)

6. **BOARD WORK SESSION**
   a. **System Strategic Directions 2003-04**

**DOCKET ITEM:**

**Summary**

The document contained the Strategic Directions proposed by Board President Lussier for the period January 2003 through December 2004. It followed the themes discussed at the Board Renewal session in July 2002 and provided additional context for the Work Plan adopted by the Board in December 2002.

**A. System Design: Examine the operating framework of the Board and the System, and strengthen the working relationships of the Board, System, and institutions:**

1. Develop a **Decision Structure** to best achieve the goals of public higher education in Oregon.
   a. Clarify the decision-making structure of the **Board** of Higher Education
      1) Set an annual agenda
      2) Modify meeting format and frequency and the use of committees to improve Board effectiveness
      3) Assign to committees the appropriate strategic initiatives
      4) Review and update the Board Bylaws
   b. Articulate the roles of the **Chancellor and the University presidents** in development of policy recommendations for the Board and in implementation of Board policies and achievement of Board goals
c. Develop appropriate **System and institutional** roles and relationships to improve the efficiency and effectiveness of both within an integrated system of higher education

1) Adopt and promote the Flexibility Initiatives in the 2003 Legislative Session

2. Develop a **Strategic Development Plan** for OUS with which institutional plans should be compatible and supportive.

a. Adopt a **vision** for OUS

b. Develop a statement of the OUS **goals** and anticipated services to the citizens of Oregon

c. Refine **mission statements for each University** and align with OUS vision and goals, identifying distinctions between and strengthening collaborative relationships among the institutions

d. Develop **policies** that include measurable outcomes and outline the respective OUS and University responsibilities for:

   1) Quality and enrollment management
   2) Increased diversity of students and faculty populations
   3) Access and admission standards
   4) Tuition and fees (see B.2 on Affordability)
   5) Academic program approval

e. Strengthen the role of the OUS and individual institutions working with the business community in support of Oregon’s **economic development**

f. Identify unmet higher educational needs of the state

3. Develop policies to facilitate and direct the System and the Universities to increase the effectiveness of their **partnerships** with:

a. Oregon community colleges to optimize access through dual enrollment, articulation, and transfer

b. Oregon K-12 Education to support seamless transitions through K-16

c. Other Oregon state and local government agencies to maximize public services during times of restrained public funding

4. Explore effectiveness of current **governance** structures as needs arise.
a. Local university advisory boards – assess possible scope of responsibilities in the light of progress with the Flexibility Initiatives presented to the 2003 Legislature, and determine whether formal Board policy statement is necessary

b. Joint Boards – assess ability to achieve goals with Oregon community colleges and K-12 under the current structure

B. Propose a new Higher Education Financial Strategy for Resource Acquisition (The Deal)

1. Establish an agreement with the State to define a foundation for funding the quality of OUS institutions that will be competitive nationally: by providing State support for OUS indexed at 80 percent of the average funding of peer institutions by 2003, growing to 85 percent in 2005 and 90 percent in 2007. Examine implications for Oregon public finance policy.

2. Improve affordability by increasing financial aid resources available to qualified Oregon residents through the Oregon Opportunity Grant, institutional aid programs, and System policy on tuition revenue set-aside.

3. Establish competitive benchmarks for the compensation of faculty, staff, and administrators so that Oregon can maintain a competitive position in the nation.

4. Pursue avenues for new sources of revenue and/or expense reduction.
   a. Partnerships with business and industry
   b. Increasing the use of philanthropy
   c. Developing enterprise opportunities
   d. Reducing overhead expenses, System-wide and institutionally
   e. Reviewing PERS and other related benefit expenses

5. Increase flexibility in the use of non-state revenue through the implementation of the Board-approved Flexibility Initiatives.

6. Seek authority to use Bond proceeds to fund all delayed facilities’ maintenance programs by 2004.

7. Continue to identify unmet educational needs of the state and prioritize suitable candidates for targeted initiative funding.
C. Create and Promote a new Social Contract/Covenant with the citizens of Oregon and with State Government

1. Document and promote the critical importance of higher education for all qualified Oregonians.

2. Provide a specific strategic plan implementation schedule to insure that OUS and the Universities meet the identified needs of the state.

3. Ask the citizens and government of the state to increase their investment in higher education (as proposed in The Deal).

4. Facilitate the increase of institutional specific philanthropy.

5. Create an OUS/citizen advocacy program for higher education in Oregon.
   a. Business Support (AOI, Oregon Business Council, Chambers of Commerce, etc.)
   b. Government (Governor and legislative leadership)
   c. The general public
   d. Other education sectors

Staff Recommendation to the Board
Staff recommended that the Board approve the System Strategic Directions 2003-04 as a blueprint for developing strategies to move the agenda of the Board forward.

BOARD DISCUSSION:
President Lussier explained that the plan enables the Board to announce to the public and other groups the agenda and directions of the System and invite their input. Further, it highlights the areas the Board considers to be of the highest priority and is built on the work started at the July Renewal Work Session and continued through the fall. Because he was unable to attend the Board Work Session the evening before, Director VanLuvanee suggested that action on the item be delayed until February. Director Barnett responded that, as a courtesy to Director VanLuvanee, it could be delayed, but he felt comfortable that it had undergone a great deal of scrutiny. Director VanLuvanee withdrew his request for a delay.

BOARD ACTION:
b. Board Work Plan and Committee Assignments

**DOCKET ITEM:**

**SYSTEM GOALS, PRIORITIES AND DECISIONS: 12-24 MONTHS**

<table>
<thead>
<tr>
<th>System Design Strategy</th>
<th>Committee</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Develop an OUS policy on access and affordability.</td>
<td>SSP, Joint Boards</td>
<td></td>
</tr>
<tr>
<td>B. Within parameters set by the Board, approve an OUS policy on tuition for use by institutions in proposing tuition increases.</td>
<td>SSP, Flex Initiative</td>
<td></td>
</tr>
<tr>
<td>C. Develop an OUS policy on expediting academic program initiation and approval.</td>
<td>SSP, Flex Initiative</td>
<td></td>
</tr>
<tr>
<td>D. Across the System, promote collaborative partnerships with community colleges to:</td>
<td>SSP, Joint Boards</td>
<td></td>
</tr>
<tr>
<td>- Increase dual enrollments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Facilitate transfers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E. Continue to revise the existing OUS strategic plan by:</td>
<td>Vote: 12/20/02</td>
<td></td>
</tr>
<tr>
<td>- Approving the new Vision for OUS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Working toward differentiated mission statements for each institutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F. Revisit the adopted OUS policy on Governance and use of University Advisory Boards for each institution in OUS</td>
<td>Defer SSP consideration until Flex Initiative outcome is determined</td>
<td></td>
</tr>
</tbody>
</table>

**Financial Strategy**

| A. Propose legislation or amendments to existing statutes that would allow OUS and member institutions more financial flexibility. | B & F/Flex Initiative       |                     |
| B. Outline possible new sources of revenue/expense reduction for OUS.                      | B & F/Flex Initiative      |                     |
| C. Gain Legislative/Executive agreement on The Deal, to provide a funding floor to support the access-quality relationship. | B & F/The Deal             |                     |
| D. Continue to pursue improvement in need-based student financial aid using other states, for example the state of Washington, as templates. | SSP, B&F, Opportunity Grant Coalition |                     |
A. Develop specific recommendations to modify the role and relationship between the State of Oregon and OUS.
   The Deal and Flex Initiative

B. Develop a comprehensive advocacy program for higher education targeted to the general public, government, and business.

C. Review status of Board policy and System practices regarding achieving competitive faculty, administrative, and staff salaries.
   Compensation Committee report

BOARD DISCUSSION:
There was no discussion of the Work Plan.

BOARD ACTION:
It was the consensus of the Board that the recommendation and action on the System Strategic Directions document included the items under the Work Plan and that no further action was required.

7. SYSTEM STRATEGIC PLANNING COMMITTEE
   a. Oregon Council for Knowledge and Economic Development Recommendation

DOCKET ITEM:
Summary
The Oregon Council for Knowledge and Economic Development (OCKED) has recommended changes to the Oregon Revised Statutes to direct the missions and functions of the Oregon University System and State Board of Higher Education to promote the creation, dissemination, and commercialization of ideas to benefit the economy. Staff recommends the Board support this recommendation.

Background
The Oregon Council for Knowledge and Economic Development (OCKED) was established by the 2001 legislature under Senate Bill 273. The mission of the Council is to promote knowledge-based economic development in the State of Oregon.

At the October 18, 2002, meeting of the Oregon State Board of Higher Education, the Board received the background and draft recommendations of the Council. These recommendations were subsequently presented as part of the Oregon Business Plan Summit on December 9, 2002.

Included in these recommendations are proposed changes to the Oregon Statutes to direct the missions and functions of the Oregon University System, the State Board of Higher Education, the Oregon Health & Science University and the Oregon Economic and Community Development Department to promote the creation, dissemination, and
commercialization of ideas to benefit the economy. The proposed OUS changes are
attached.

At the December 20, 2002, Board meeting, the Board President asked the System
Strategic Planning Committee to consider the proposed changes to the OUS mission
and functions and make a recommendation to the full Board.

**Recommended Changes**

**351.001 Legislative findings.** The Legislative Assembly finds that:

1. For its political well-being, Oregon needs wise and effective leadership and
an informed citizenry.

2. For its economic well-being, Oregon needs able and imaginative men and
women for the direction and operation of all its institutions, for the production
of goods and services and for the management of its fiscal affairs. Oregon also
needs alert and informed consumers.

3. For its cultural advancement, Oregon needs creative talent as well as
appreciative and discriminating readers, viewers and listeners. Oregon also
needs people who understand the diverse patterns of behavior, communication
and belief that make up the common cultures of the various communities in
which we all must function.

4. For its survival, Oregon needs citizens who understand the interdependence
of human beings and our shared dependence on the resources provided by our
natural environment.

5. Oregon needs people who, in the roles of parents and teachers and in other
capacities, are able to transmit the state’s and the nation’s ideals and heritage to
future generations.

6. For their personal well-being, individual Oregonians need to cultivate an
advanced literacy essential to leading productive and rewarding lives. This
includes the capacity to think logically and critically; to internalize and exemplify
humane values; to write, speak and figure clearly and accurately; to understand,
in some depth, a variety of psychological, historical, cultural, aesthetic and
scientific concepts and theories; and to master a range of occupational,
professional, avocational, social and personal skills. [1993 c.240 §1]

**351.003 Additional findings.** In addition to making the findings under ORS
351.001, the Legislative Assembly finds that:

1. Oregonians need access to post-secondary education opportunities
throughout life in a variety of forms.
(2) To meet the societal and individual needs described under ORS 351.001, Oregonians have created and sustained, from territorial days to the present, many and diverse institutions of higher education, both independent and state-assisted.

(3) These institutions have developed the intellectual capacity of Oregonians and have prepared thousands of them for productive and fulfilling careers.

(4) These institutions provide educational access to all segments of Oregon’s diverse population, including many students for whom higher education creates the first opportunity for their entry into the mainstream of society.

(5) These institutions provide basic and applied research, both basic and applied, that and actively promote the commercialization of research into generates new knowledge and applies it b the development of new products and processes essential for Oregon’s economic growth.

(6) These institutions provide public service activities that engage the professional expertise of their faculties to solve social problems.

(7) These institutions share with our communities many cultural activities and services of immense importance to the quality of life enjoyed by Oregonians.

(8) These institutions are expanding the times, places and formats of course offerings.

(9) Oregonians’ diverse educational needs will be best met in an environment in which public and independent schools are recognized as critical for meeting those needs. [1993 c.240 §2; 2001 c.964 §1]

**351.005 Higher education an important public purpose.** Giving due consideration to the historical and continuing interest of the people of the State of Oregon in encouraging deserving and qualified citizens to realize their aspirations for higher education, the Legislative Assembly declares that higher education for residents of Oregon who desire it and are qualified to benefit from it is critical to the welfare and security of this state and this nation and consequently is an important public purpose. [1993 c.240 §3]

**351.007 Intent to promote and enhance higher education.** The Legislative Assembly declares its intent to promote and enhance higher education in a manner that:

(1) Enables citizens of all ages, backgrounds and levels of income to participate in the search for knowledge and individual development.

(2) Stresses undergraduate teaching as a high priority.
(3) Provides for selected graduate and professional programs that address state, national and global needs.

(4) Encourages high quality research and scholarship, both basic and applied, and the application of research to enhance the state’s economic opportunities, by its faculty and students.

(5) Fosters diversity of educational opportunity.

(6) Promotes service to the public.

(7) Makes effective and efficient use of human, physical and financial resources.

(8) Encourages cooperation with other educational institutions. [1993 c.240 §4]

351.009 Mission of higher education. The Legislative Assembly declares that the mission of all higher education in Oregon is to:

(1) Enable students to extend prior educational experiences in order to reach their full potential as participating and contributing citizens by helping them develop scientific, professional and technological expertise, together with heightened intellectual, cultural and humane sensitivities and a sense of purpose.

(2) Create, collect, evaluate, store and pass on the body of knowledge necessary to educate future generations.

(3) Provide appropriate instructional, research and public service programs to enrich the cultural life of Oregon and to support and maintain a healthy state economy. [1993 c.240 §5]

(4) Recognize and support the concept that universities give rise to the next generation of ideas and serve as an engine for economic development.

Sec. 1. Board duties regarding measurements, admission standards, degree models, access to services, educational opportunities and credit transfer. The State Board of Higher Education shall:

(1) Continue development of accountability and performance measures with indicators in broad goal areas, including but not limited to:
   (a) Enhancing existing quality;
   (b) Expanding access;
   (c) Maintaining reasonable cost-effectiveness; and
   (d) Ensuring employability.
(2) Continue development of a proficiency-based admission standards system that aligns with school reform requirements for kindergarten through grade 12 under ORS chapter 329 in order to improve student performance and better articulate expectations of student learning among the educational sectors.

(3) Continue experimentation with and implementation of various accelerated baccalaureate degree models at state institutions of higher education in applicable programs. The models may include but need not be limited to early entry and post-secondary options and models that are jointly developed with the State Board of Education.

(4) Continue development of strategies to provide the broadest possible access to educational services for both on-campus and off-campus learners by using technology as well as traditional options.

(5) Continue to work with businesses, industries and agencies to offer increased opportunities for students to participate in internships, practica and service learning experiences. The board shall continue to explore faculty internship opportunities with businesses, industries and agencies.

(6) Continue to work with the State Board of Education to develop policies and procedures that ensure maximum transfer of academic credits between community colleges and state institutions of higher education. [1997 c.653 §1]

(7) Foster both basic research and applied research. Work closely with businesses and economic development entities to expand the commercialization of ideas into companies and jobs for the State of Oregon.

BOARD DISCUSSION AND ACTION:
Director Bassett reported that the SSP Committee voted to approve the staff recommendation to endorse the OCKED proposed changes to ORS as noted. There was a minor change suggested in that the wording in Sec. 1, “...expand the commercialization of ideas into companies and jobs for the State of Oregon,” read “...jobs that benefit the State of Oregon,” so that later there is no misunderstanding about whether it is a company that might be in Washington but that benefits Oregon.

BOARD ACTION
It was moved by Director Bassett and seconded by Director Wustenberg that the Board endorse the OCKED recommendation as submitted with the addition that the recommendation include a change in the wording in Sec. 1, “...expand the commercialization of ideas into companies and jobs for the State of Oregon,” to read “...jobs that benefit the State of Oregon”. Those voting in favor: Directors Barnett, Bassett, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.
8. **Budget and Finance Committee**
   a. **Amendment to OAR 580-040-0040 Academic Year Fee Book 2002-03, Pertaining to Tuition Surcharges (Temporary Rule)**

**DOCKET ITEM:**

*Report to the Board*

The staff recommended that the Board approve a temporary rule change to the 2002-03 Academic Year Fee Book through the assessment of tuition surcharges for winter and spring terms 2002-03. These surcharges are in addition to the surcharges approved at the November Executive Committee meeting.

In December 2002, the State of Oregon Office of Economic Analysis reported that the State General Fund would fall short by $111.8 million more than had been previously estimated. Rather than return to the Legislature for a sixth time for resolution, the Governor invoked his authority to make across-the-board cuts in Executive Branch agencies. The result is an additional $9.1 million reduction to the Oregon University System (OUS) General Fund appropriation for 2001-2003, to be absorbed in the last six months of the biennium.

Enrollment demand at the OUS institutions continues at an all time high. The growth, coupled with the series of general fund reductions over five special sessions of the Legislature this biennium, has resulted in a decline in the amount of total resources per student that institutions have available for instruction and support services.

In January 2003, voters will decide the outcome of a proposed income tax surcharge to help offset the reductions outlined by the Fifth Special Session of the Legislature. Contingent upon the income tax surcharge issue failing in the January Special Election, the Executive Committee of the Board, at its November 2002 meeting, approved a temporary rule change to the 2002-03 Academic Year Fee Book granting institutions the authority to assess tuition surcharges winter and spring term 2003. That action was ratified by the full Board in December 2002.

Faced with these continuing deteriorating conditions, institutions are reviewing their options for addressing the most recent $9.1 million reduction. They are responding by various means including: imposing further cuts to services; enlarging class sizes; reducing section and course offerings; and offsetting reductions with use of fund balances. One additional option is to generate offsetting income by increasing student tuition rates through a supplemental tuition surcharge.

Some institutions have determined further cuts would result in severe impacts to their ability to carry out their respective missions. As a result, it is necessary for them to assess a supplemental tuition surcharge to allow them to sustain an adequate level of service to their students.
Need for the Temporary Rule:

The conditions precipitating the need for the tuition surcharges were unknown at the time the original tuition and fees were approved by the Board in July 2002. The continued eroding economic condition of the State of Oregon resulted in two additional Special Sessions of the Legislature after the 2002-03 Academic Year Fee Book was adopted. Subsequent forecasts by the Office of Economic Analysis have resulted in yet further state General Fund reductions imposed by the Governor. It is necessary for certain institutions of the OUS to offset these reductions of state General Fund with other revenues. Tuition is the only source of revenues capable of generating adequate resources to address this critical need.

The timing for this amendment is critical. Registration for winter term 2003 began in mid-November. There are two options in dealing with the timing of tuition and fee assessment. One is to assess the supplemental tuition surcharge to students already enrolled winter term 2003, as well as spring 2003. The other option is to assess a larger surcharge in spring term 2003 only.

Three institutions are proposing to assess the supplemental tuition surcharge to partially offset their portions of the $9.1 million reduction directed by the Governor in December 2002.

OSU intends to assess the surcharge winter and spring terms 2003 at $3 per credit hour for undergraduates and $4 per credit hour for graduates up to the plateau credit hour levels. The winter term assessment will not be made until after the January 28, 2003, special election in conjunction with the potential tuition surcharge assessment related to the Measure 28 outcome. The supplemental surcharge will not be assessed on students at the OSU-Cascades Branch Campus.

SOU will assess the surcharge spring term 2003 at $5 per credit hour for resident undergraduates and $2.25 per credit hour for resident graduates up to the plateau credit hour levels. Incremental hours above the plateau will be assessed the per credit hour rates. No supplemental surcharge will be assessed to nonresidents.

UO may assess the surcharge spring term 2003 at up to $3 per credit hour on all students for all credit hours. UO will only assess the surcharge if two conditions exist: 1) Measure 28 fails at the January 28, 2003, special election; and, 2) the UO determines that the additional revenue generated by the supplemental surcharge is necessary to break even in budgeted operations during the current fiscal year. The supplemental surcharge will not be assessed on Law students.
OAR 580-040-0040 Academic Year Fee Book
(Underlined material is added; brackets denote deletion.)

The document entitled Academic Year Fee Book, dated July 19, 2002, and amended November 15, 2002, is hereby amended by reference as a temporary rule to incorporate assessment of supplemental tuition surcharges to mitigate the reductions directed by the Governor as a result of the December 2002 Economic Forecast.

Through the amendment, the Board adopts, as a temporary rule, the document entitled Supplemental Tuition Surcharges 2002-03, memos of attachment amending the draft document, and other amendments and attached schedules noted in this agenda item. Consideration of the permanent rule will occur at the earliest possible meeting of the Board of Higher Education consistent with permanent rule-making requirements.

Staff Recommendation to the Board
Staff recommended that the Board amend OAR 580-040-0040 to reflect the ability of universities to implement tuition surcharges in both the winter and spring terms of FY 2003 in response to the additional ($9.1 million) reduction in General Funds.

COMMITTEE DISCUSSION AND ACTION:
Due to the lack of a quorum, no formal action was taken. However, there was consensus of those present that the staff recommendation should be approved by the full Board.

BOARD DISCUSSION:
Director VanLuvanee reported that the Budget and Finance Committee had discussed the tuition surcharges. Director Young indicated that he would like the motion to include language that the Board understood the compounding effect this increase would have on students. Director Wustenberg agreed adding, however, “There is no way any of us wants to tax students more than absolutely necessary. However, we don’t have many options.”

Director Bassett observed that in talking to the press about this increase it should be done in the context of what Ms. Pilliod had discussed in her OSA report. “Drawing from the text of what Rachel presented, or perhaps inviting her to help draft part of the response, would serve to carry the rest of the story and not just the specific action of increasing the tuition surcharge.”

President Zinser added that it might be helpful to acknowledge that each university is approaching the difficult challenge of raising surcharges while “at the same time creating some new affordability initiatives in order to soften it for the most needy students.”
BOARD ACTION:
Director VanLuvanee moved and Director Bassett seconded the motion to approve the staff recommendation. On roll call the following voted in favor: Director Barnett, Bassett, Lehmann, Richmond, VanLuvanee, Wustenberg, Young, and Lussier. Those voting no: Watari.

9. **FULL BOARD**
   a. **Correction to the December 20, 2002, Agenda Item: Confirmation of Institutional Degree Lists**

**DOCKET ITEM:**

**Summary**
An action item appeared on the December 20, 2002, Board agenda entitled, “Confirmation of Degree Lists.” The docket item (listed below) included the list of Board members and the institution degrees they were confirming as well as a recommendation to change the manner in which confirmation of degrees occurs.

**From December 20, 2002, Board Docket:**

**Background**
ORS 351.070 states:

(3) The board may, for each institution under its control:

(f) Confer, on the recommendation of the faculty of each such institution, such degrees as usually are conferred by such institutions, or as they deem appropriate.

For a number of years, the Board has interpreted the above referenced ORS to mean that the full Board would approve faculty recommendations for confirmation of degrees and diplomas. However, in the minutes of July 18 and 19, 1932, it is noted that the Board agreed to the following:

In order to establish a uniform procedure in the Board’s consideration of lists of applicants for degrees, the Board directed that a committee of one for each of the institutions under the control of the Board be appointed by the Board at its April meeting and visit the respective institutions with power to act for the Board in considering recommendations for degrees.

Other minutes of Board action indicated that the lists of individuals upon whom degrees were conferred continued to come to the full Board for approval. In examining ways to streamline Board operations, and upon advice of legal counsel, it appeared redundant for Board members to sign the authorization of degree granting and then have the full Board approve the lists. Staff recommended that, following approval of the list of graduates for 2001-2002, presented below, that the Board return to the
practice of accepting the signature of the Board member assigned to an institution as confirmation of the degree without further formal action by the Board.

Staff Report to the Board
In accordance with Board procedures, the following members represented the Board in approving candidates for degrees and diplomas for the graduating classes at the designated institutions during the 2001-02 academic year and summer session:

- **Eastern Oregon University**
  Phyllis Wustenberg

- **Oregon Health and Science University**
  Tim Young

- **Oregon Institute of Technology**
  Don VanLuvanee

- **Oregon State University**
  Leslie Lehmann
  Tom Imeson

- **Portland State University**
  James T. Lussier

- **Southern Oregon University**
  Erin Watari

- **University of Oregon**
  Geraldine Richmond
  Tim Young

- **University of Oregon Law School**
  Tim Young

- **Western Oregon University**
  Roger Bassett

Staff Recommendation to the Board
Staff recommended that the Chair of the Board be authorized to verify, on information from the institution President and/or from attendance of a Board member at an institution graduation and his/her subsequent signature, confirmation of degrees and diplomas.
The motion that was made, seconded, and approved read as follows:

It was moved by Director Lehmann and seconded by Director Young that the Board approve the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Lehmann, Lussier, Richmond, Watari, Wustenberg, and Young. Those voting no: none.

**Staff Recommendation to the Board**
The original motion did not include language confirming the 2001-02 academic year and summer session degrees. Therefore, staff recommends that the Board confirm the action of Board members in approving degrees and diplomas.

**BOARD DISCUSSION AND ACTION:**
It was moved by Director VanLuvanee and seconded by Director Wustenberg that the Board approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Bassett, Lehmann, Richardson, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

**10. Other Committee Reports**

**Joint Boards Working Group**
President Lussier reported that the Joint Boards Working Group had met and was increasing the level of activity and broadening the areas of discussion. Fruitful and candid conversations were occurring at the meetings. He reported that there had been a brief discussion on affordability and a more in-depth examination and discussion on quality.

President Lussier observed that the JBWG meeting was conducted through three different video conferencing connections and he felt it had worked well. “This provided a way of learning about how to use technology for some pretty significant participation from people who may be precluded from traveling on any given date to a meeting. I would certainly encourage this technique.”

**OHSU**
In the absence of Director Imeson, Provost Hallick reported that the OHSU Board would be meeting within the next week. The primary topic on the agenda will be a discussion of the current year budget and mid-year corrections because of various budget revenue reductions. In addition, statewide nursing programs will be featured as OHSU looks to expand the production capacity of nursing program graduates in the state.

**Oregon College Savings Plan**
Director Lehmann reported that the Oregon College Savings Plan continues to expand and to attract new families. There is an emphasis to expand efforts to reach out to lower income groups.
Oregon Council on Knowledge and Economic Development

No items were reported from the Oregon Council on Knowledge and Economic Development.

Oregon State University Presidential Search

Director Barnett reported that the Search Committee had met for the first time and that the search was proceeding on schedule.

11. Public Input

There was no public input.

12. Items From Board Members

President Lussier suggested taking time to expand on the conversation that occurred during the Budget and Finance Committee meeting where there appeared to be general consensus about the direction the Board was taking on the relationship between quality and affordability.

Director Richmond agreed that it was important and responsible for the Board to make a public expression of consensus about the path the Board is taking regarding enrollment management and quality. “We need to proceed farther with the idea and at the February meeting we have some options in front of us on how we handle all that is involved in enrollment management. The point is to show that we are agonizing over these issues but that we know we now have to take a path or direction that rolls us down the road of possible enrollment management. It is extremely important now that we do this because our campuses are having to decide on their enrollment numbers for the coming years and it is also important for the public to understand that their children may be impacted. We cannot wait for this until April.”

Directors Lehmann and Wustenberg expressed agreement and added that this is a new dimension to the Board’s discussions, there are huge consequences, and this new way of thinking has not gotten through to the public. Director Watari stressed that the Board should remember that it had agreed to The Deal and, whatever new agreements may be reached, they must be consistent with it. Further, she added, all decisions must be part of a very public process.

If the Board is going to use quality and enrollment management as themes, President Dow observed that everyone would have to be prepared to describe to the public what quality is and how it is defined.

President White added that The Deal “provides the ability for us to be great without doing so on the backs of students and the State. That is where the initiatives to generate and control our finances, generate revenue and resources from other sources are so vitally important. So, we do have the solution, other than decline, and it’s really important. That’s important so we’re not coming across individually and collectively as lamenting our circumstance, but rather taking our circumstance, being realistic about it. We found a solution, now exercise it.”
In closing comments, Director Wustenberg observed that the Board is becoming much more proactive and not so reactive to what is occurring and that she was proud of that. Director Young concurred.

Director Barnett encouraged everyone in the room to have input into the OSU Presidential search. This could be done, he indicated, through email or phone to him or any member of the Search Committee.

Director Lehmann reflected on the information presented during the Work Session on advocacy and urged staff to ask Board members to assist in ways they thought would be helpful.

Director VanLuvanee remarked that he had not been able to attend the Thursday evening Work Session or SSP Committee meeting and requested, if there were meetings on days other than the regular Board meeting, that time be allocated for those who couldn’t attend to have input into discussions and decisions.

13. Items From Presidents
President White reported that he had spoken to his campus and pointed out that keys to the campus works are: implementation of the recommendations of OSU 2007, the result of a major planning effort; moving it to become operational; energizing the OSU Foundation and becoming much more sophisticated and successful in fundraising; and, that excellence is a standard at OSU. He thanked the Board for the opportunity to serve as interim president.

President Conn said he appreciated the organization of the Oregon University System and the way it enabled approaching the legislative session with a single voice, not with seven individual voices.

President Zinser voiced support for the “strong and increasingly clear focus on the integrity of what we offer our students through the focus on quality. It is very encouraging to go into the legislative session with a uniformity of commitment and uniformity of language and carry our message.”

14. Delegation Of Authority To Board’s Executive Committee
Interim Board Secretary Thompson read the statement pertaining to delegation of authority to the 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, which is scheduled for February 21, 2003. 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.”
Board members agreed to the delegation of authority as stated.

15. **Adjournment**
   Director Wustenberg moved and Director Bassett seconded the motion to adjourn.

   The Board meeting adjourned at 11:40 a.m.

   Virginia L. Thompson
   Interim Secretary of the Board

   James T. Lussier
   President of the Board
1. **Call To Order/Roll Call**
   The meeting of the System Strategic Planning Committee of the State Board of Higher Education was called to order at 6:45 p.m. by Chair Bassett.

   On roll call, the following Committee members answered present:
   
   Roger Bassett    Jim Lussier
   Kerry Barnett    Erin Watari
   Leslie Lehmann   Phyllis Wustenberg

   Absent: None

   **Other Board members present:**
   
   Geri Richmond
   Tim Young

   **Chancellor’s Office staff present:** Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Nancy Goldschmidt, Grattan Kerans, Bob Kieran, Dave McDonald, Ben Rawlins, Diane Vines, and Susan Weeks

   **Others:** Philip Conn (WOU), Phil Creighton (EOU), Martha Anne Dow (OIT), Tim White (OSU) and Elisabeth Zinser (SOU)

   Meeting attendees also included other institutional representatives, members of the Chancellor’s Office staff, and interested observers.

2. **Approval Of Minutes**
   - **October 18, 2002, System Strategic Planning Committee Meeting Minutes**
     
     The Committee dispensed with the reading of the October 18, 2002, Committee meeting minutes. Director Lehmann moved and Director Wustenberg seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Lehmann, Lussier, Watari, and Wustenberg. Those voting no: none.

   **CONTINUATION OF WORK SESSION**
   - **Discussion of 2002-2003 Enrollment Report**
     
     Continuing the discussion of the Enrollment Report that was presented during the Work Session, Director Wustenberg asked if there were data on the number of Oregon high school graduates who went on to higher education or community colleges.

     Mr. Kieran responded that every two years a study entitled, “Where Have Oregon’s Graduates Gone” is conducted. In the last study, there were indications that about 70 percent of the students go on to higher education somewhere. About 23 out of 100 enrolled in OUS institutions; about 22 or 23 out of 100 went to community colleges, and...
Director Lussier observed that after the passage of Measure 5 there was a flattening of enrollment and he wondered if there were a way to measure what the impact on enrollment would have been had that not occurred. He asked if there were a way of projecting what might happen if enrollment were capped today. Mr. Kieran indicated that it would be a straight line. “If we had projected to 100,000 in 2010 and we’re projecting a flat line, then the difference between 78,000 or 80,000 currently enrolled and the 100,000 we would project, would be a 20,000 student difference in that ten year period.” Mr. Lussier asked if that could be shown on the graph. “I think it will help us in terms of advocacy to be able to say, ‘Here is the number of students who fall out of this picture if that same thing occurred today as a result of actions we’re taking that happened after Measure 5.’”

President White observed that, “In the realm of public opinion and government opinion, we’re doing well. Student numbers are up, nominal money is up, student satisfaction is up. So what’s the problem?” He indicated that we need to be careful about the messages we are sending to the public.

3. **Report Item**
   a. **The Status of the 2000-01 Bachelor’s Degree Recipients: One Year Later**

   **Background**
   In the mid-1990s, both Oregon legislators and leaders in the business community began asking questions about how well prepared today’s college graduates are for the demands of the contemporary workplace and knowledge-based economy. These questions corresponded with a shift in concern about workplace readiness, heretofore largely confined to elementary and secondary schooling. This consideration reflected the growing importance of a college education and highly educated workforce to support Oregon’s plan for economic diversification.

   To fill gaps in campus information about whether graduates found employment and were prepared for the workplace, the Chancellor’s Office of the Oregon University System initiated the first systematic study of recent graduates in 1996 (for graduates in 1994-95). OUS asked questions about what graduates were doing, the employment sector and location of their jobs, whether what they are doing relates to their degrees, and if their academic studies provided ample opportunities to gain practical experience. The focus of this report is the satisfaction of the 2000-01 bachelor’s graduates within a year after crossing the stage to receive their bachelor’s degrees.

   These data suggest both the System’s capacity to provide quality undergraduate programs as well as the student’s perception about the academic and professional benefits of a higher education experience. In addition to providing baseline measures of graduate satisfaction, these data, in conjunction with campus-specific surveys, help to focus campus improvement efforts.
**Findings for 2000-01 Bachelor’s Graduates**

OUS awarded 9,590 bachelor’s degrees in academic year 2000-01. Using the lists of graduates provided by the campuses, the University of Oregon’s Oregon Survey Research Laboratory (OSRL) randomly selected bachelor’s degree recipients to serve as the representative sample of that larger population. OSRL conducted a total of 1,004 telephone interviews with recent bachelor’s graduates.

Recent OUS bachelor’s graduates are satisfied and “loyal customers.”

? The mean quality rating was 4.0 on a 5-point scale (1 as “poor” and 5 as “excellent”);
? If they had to begin all over again, 77 percent would choose the same OUS university; and
? 84 percent would choose an OUS university to further objectives in the future.

Nearly all graduates are engaged productively in this downturn economy.

? Most graduates are employed in either full- (68 percent) or part-time (15 percent) jobs;
? One in ten say they are furthering their education as their primary commitment, but twice as many respondents are taking some classes and working; and
? Only 4 percent say they are “looking for work,” suggesting their jobless rate was lower than the jobless rate for the state of Oregon in summer 2002, the time of the survey.

OUS bachelor’s graduates contribute to Oregon’s economy.

? 80 percent of the graduates employed took jobs in Oregon; and
? The average annual salary for full-time employment ranged between $30,000 and $45,000.

Bachelor’s graduates say OUS experience added skills and competencies to their portfolios.

? Nearly all say their OUS experience contributed to the improvement of their critical thinking, oral communication, and writing skills;
? 64 percent participated in an internship, with slightly more than half indicating that the experience led to paid employment; and
? Of those employed full- or part-time, 15 percent draw upon second language skills to communicate with customers, clients, students, or employees in their workplaces.

OUS graduates exercised choice in pathways to a bachelor’s degree — some held on to the traditional means.
Most begin and complete a degree at different institutions, on average in 4.9 years; 57 percent enter as transfer students — two-thirds of those entering from community colleges; Only four in ten enter as freshmen and complete at the same institution; 36 percent are first in their immediate families to earn a bachelor’s degree, with most beginning at a community college.

Students are bundling available fund sources to pay for college.

Nearly two-thirds borrowed money by taking out federal loans (65 percent); Slightly less than half (48 percent) received support from their families; 61 percent received aid in the form of a grant or scholarship; and The median loan amount was $17,000 for those borrowing from government and/or private sources.

Performance Summary (1996 compared to 2002)
Learner needs are driving the OUS concept of productivity. Performance of the System and OUS institutions is tracked for (1) recent graduate satisfaction or rating with the overall quality of the education they received, (2) proportion of students completing an internship, and (3) proportion of recent graduates who are successful — all who are productively engaged in a job, furthering their education, or other activity. The proportion that indicate they are “looking for work” reflect the challenges stemming from the nexus of individual characteristics, learning experience, and economic conditions.

Compared to previous findings for 1994-95 graduates one year later (1996), these recent bachelor’s graduates in 2000-01 one year later (2002) suggest that the System’s institutions are doing a better job at meeting their needs:

Recent graduates give slightly higher ratings of the overall quality of OUS education they received (improving from a mean of 3.7 in 1996 to 4.0 in 2002 on a 5-point scale where 5.0 is “excellent”); More graduates completed internships (climbing from 49.8 percent in 1996 to 64.0 percent in 2002, a 29 percent increase); and More graduates found work after receiving their baccalaureates (increasing from 74 percent in 1996 to 83 percent in 2002).

The information about the preferences of recent graduates for OUS institutions to future career and personal objectives suggest opportunities for campuses to expand linkages with alumni.

COMMITTEE DISCUSSION:
Dr. Nancy Goldschmidt presented highlights of what was termed a very positive report on graduates one year after graduation from System institutions. She pointed out that quality and satisfaction with graduates’ university experience were examined.
Chair Bassett indicated that he wanted to structure the SSP work plan so that it would include, in addition to the agreements reached about work scope, references to reports received and/or reports planned to be completed. Director Lussier also noted that the reports in and of themselves are extremely valuable, but that the ultimate question is how do we extract the measures that could be used as a monitor of the System. “A lot of businesses today have what are called dashboards, which amount to taking 15-20 measures that are absolutely critical in a range of areas. It would mean we would select one or two measures from a report like this one, not 10-12, and say these are the things we are going to key in on,” Director Lussier explained. It was agreed that this idea should be further explored.

COMMITTEE ACTION:
No action required.

4. Discussion Items
   a. Oregon Council for Knowledge & Economic Development Recommendation

   **Summary**
The Oregon Council for Knowledge and Economic Development (OCKED) has recommended changes to the Oregon Revised Statutes to direct the missions and functions of the Oregon University System and State Board of Higher Education to promote the creation, dissemination, and commercialization of ideas to benefit the economy. Staff recommends the Board support this recommendation.

   **Background**
The Oregon Council for Knowledge and Economic Development (OCKED) was established by the 2001 legislature under Senate Bill 273. The mission of the Council is to promote knowledge-based economic development in the State of Oregon.

   At the October 18, 2002, meeting of the Oregon State Board of Higher Education, the Board received the background and draft recommendations of the Council. These recommendations were subsequently presented as part of the Oregon Business Plan Summit on December 9, 2002.

   Included in these recommendations are proposed changes to the Oregon Statutes to direct the missions and functions of the Oregon University System, the State Board of Higher Education, the Oregon Health & Science University and the Oregon Economic and Community Development Department to promote the creation, dissemination, and commercialization of ideas to benefit the economy. The proposed OUS changes are attached.

   At the December 20, 2002, Board meeting, the Board President asked the System Strategic Planning Committee to consider the proposed changes to the OUS mission and functions and make a recommendation to the full Board.
Recommended Changes

351.001 Legislative findings. The Legislative Assembly finds that:

(1) For its political well-being, Oregon needs wise and effective leadership and an informed citizenry.

(2) For its economic well-being, Oregon needs able and imaginative men and women for the direction and operation of all its institutions, for the production of goods and services and for the management of its fiscal affairs. Oregon also needs alert and informed consumers.

(3) For its cultural advancement, Oregon needs creative talent as well as appreciative and discriminating readers, viewers and listeners. Oregon also needs people who understand the diverse patterns of behavior, communication and belief that make up the common cultures of the various communities in which we all must function.

(4) For its survival, Oregon needs citizens who understand the interdependence of human beings and our shared dependence on the resources provided by our natural environment.

(5) Oregon needs people who, in the roles of parents and teachers and in other capacities, are able to transmit the state’s and the nation’s ideals and heritage to future generations.

(6) For their personal well-being, individual Oregonians need to cultivate an advanced literacy essential to leading productive and rewarding lives. This includes the capacity to think logically and critically; to internalize and exemplify humane values; to write, speak and figure clearly and accurately; to understand, in some depth, a variety of psychological, historical, cultural, aesthetic and scientific concepts and theories; and to master a range of occupational, professional, avocational, social and personal skills. [1993 c.240 §1]

351.003 Additional findings. In addition to making the findings under ORS 351.001, the Legislative Assembly finds that:

(1) Oregonians need access to post-secondary education opportunities throughout life in a variety of forms.

(2) To meet the societal and individual needs described under ORS 351.001, Oregonians have created and sustained, from territorial days to the present, many and diverse institutions of higher education, both independent and state-assisted.

(3) These institutions have developed the intellectual capacity of Oregonians and have prepared thousands of them for productive and fulfilling careers.
(4) These institutions provide educational access to all segments of Oregon’s diverse population, including many students for whom higher education creates the first opportunity for their entry into the mainstream of society.

(5) These institutions provide basic and applied research, both basic and applied, that and actively promote the commercialization of research into generates new knowledge and applies it to the development of new products and processes essential for Oregon’s economic growth.

(6) These institutions provide public service activities that engage the professional expertise of their faculties to solve social problems.

(7) These institutions share with our communities many cultural activities and services of immense importance to the quality of life enjoyed by Oregonians.

(8) These institutions are expanding the times, places and formats of course offerings.

(9) Oregonians’ diverse educational needs will be best met in an environment in which public and independent schools are recognized as critical for meeting those needs. [1993 c.240 §2; 2001 c.964 §1]

351.005 Higher education an important public purpose. Giving due consideration to the historical and continuing interest of the people of the State of Oregon in encouraging deserving and qualified citizens to realize their aspirations for higher education, the Legislative Assembly declares that higher education for residents of Oregon who desire it and are qualified to benefit from it is critical to the welfare and security of this state and this nation and consequently is an important public purpose. [1993 c.240 §3]

351.007 Intent to promote and enhance higher education. The Legislative Assembly declares its intent to promote and enhance higher education in a manner that:

(1) Enables citizens of all ages, backgrounds and levels of income to participate in the search for knowledge and individual development.

(2) Stresses undergraduate teaching as a high priority.

(3) Provides for selected graduate and professional programs that address state, national and global needs.

(4) Encourages high quality research and scholarship, both basic and applied, by its faculty and students.
(5) Fosters diversity of educational opportunity.

(6) Promotes service to the public.

(7) Makes effective and efficient use of human, physical and financial resources.

(8) Encourages cooperation with other educational institutions. [1993 c.240 §4]

351.009 Mission of higher education. The Legislative Assembly declares that the mission of all higher education in Oregon is to:

(1) Enable students to extend prior educational experiences in order to reach their full potential as participating and contributing citizens by helping them develop scientific, professional and technological expertise, together with heightened intellectual, cultural and humane sensitivities and a sense of purpose.

(2) Create, collect, evaluate, store and pass on the body of knowledge necessary to educate future generations.

(3) Provide appropriate instructional, research and public service programs to enrich the cultural life of Oregon and to support and maintain a healthy state economy. [1993 c.240 §5]

(4) Recognize and support the concept that universities give rise to the next generation of ideas and serve as an engine for economic development.

Sec. 1. Board duties regarding measurements, admission standards, degree models, access to services, educational opportunities and credit transfer. The State Board of Higher Education shall:

(1) Continue development of accountability and performance measures with indicators in broad goal areas, including but not limited to:
   (a) Enhancing existing quality;
   (b) Expanding access;
   (c) Maintaining reasonable cost-effectiveness; and
   (d) Ensuring employability.

(2) Continue development of a proficiency-based admission standards system that aligns with school reform requirements for kindergarten through grade 12 under ORS chapter 329 in order to improve student performance and better articulate expectations of student learning among the educational sectors.

(3) Continue experimentation with and implementation of various accelerated baccalaureate degree models at state institutions of higher education in applicable programs. The models may include but need not be limited to early
entry and post-secondary options and models that are jointly developed with the State Board of Education.

(4) Continue development of strategies to provide the broadest possible access to educational services for both on-campus and off-campus learners by using technology as well as traditional options.

(5) Continue to work with businesses, industries and agencies to offer increased opportunities for students to participate in internships, practica and service learning experiences. The board shall continue to explore faculty internship opportunities with businesses, industries and agencies.

(6) Continue to work with the State Board of Education to develop policies and procedures that ensure maximum transfer of academic credits between community colleges and state institutions of higher education. [1997 c.653 §1]

(7) Foster both basic research and applied research. Work closely with businesses and economic development entities to expand the commercialization of ideas into companies and jobs for the State of Oregon.

COMMITTEE DISCUSSION:
Chancellor Jarvis explained that OCKED was requesting the Board’s endorsement of their recommendation to have the mission of OUS changed in the Oregon Revised Statutes. He pointed out that Oregon Health & Science University and the community colleges were in the process of considering endorsing similar changes.

Director Young asked for a rationale for striking part of point 351.009 (3), “and to support and maintain a healthy state economy.” Chancellor Jarvis indicated it was to capture the idea more succinctly. Director Watari questioned if the changes were, in fact, moving the Board in a direction of overstepping its role in attempting to oversee what institutions do. Chancellor Jarvis indicated that the proposal would be encouraging the campuses to facilitate and support the ideas, but that the language is entirely permissive.

Director Richmond expressed the view that it was extremely important to have the changes because historically the tenure and promotion system, certainly for faculty in the sciences and, to some extent engineering, have not put a heavy weight on commercialization of research. She added, “Faculty have wanted to do this, but sometimes it is held against them because it is not an article in a peer reviewed published journal. This all validates their exercise and actually supports it.”

President White suggested that the wording in Sec. 1, “...expand the commercialization of ideas into companies and jobs for the State of Oregon,” read “...jobs that benefit the State of Oregon,” so that later there is no misunderstanding about whether it is a company that might be in Washington but that benefits Oregon.
Vice Chancellor Vines acknowledged that this was a valid suggestion and felt assured that the Council would be willing to make the change.

**COMMITTEE ACTION:**
Director Wustenberg moved and Director Lussier seconded a motion to recommend approval by the full Board of the staff recommendation.


**b. System Strategic Directions – Work Plan and Committee Assignment**

Chair Bassett set the context for the Committee work on the proposed set of planning activities. He indicated that the discussion would include reference to the “Measuring Up” report to determine if there is a good connection between the work of the Committee and the general importance of the performance measures used in creating the report. The materials that would be used for the discussion were explained, as well.

In working through the major topics of the System Strategic Directions document presented at the Board Work Session, Director Bassett pointed out that each of the sections suggested steps in an actual work plan. “For example, on the topic of ‘Adopting a Vision for OUS’,” Mr. Bassett indicated, “I would suggest that it is completed. We can return to an item at any time and we can use decisions made earlier as a basis for enriching our discussion. The same is true on the item, ‘OUS Goals and Anticipated Services’ – it is complete.”

Moving through the System Strategic Directions, Director Bassett reminded the Committee that the topic of refining “Mission Statements of Each University and Aligning them with OUS Vision and Goals,” could be labeled a work in progress.” He indicated that this would be an item the Chancellor and presidents would be asked to address and suggested that it would be helpful to have an idea of when this might come up on the agenda of the presidents’ council. In regard to institution missions, Director Lussier reminded the Committee that each of the presidents has expressed some specific goals out of their own strategic plans. He expressed the hope that the individual mission statements would capture the differences, more than the commonalities, of the universities.

Under Item E, “Strengthen the Role of OUS Regarding Economic Development,” it was generally agreed that this is greater than just OCKED and the Board and System involvement in it. Director Bassett suggested that this item was not completed and should have further attention.

“Identify Unmet Higher Education Needs of the State,” was highlighted as a place where the report made earlier in the Work Session on enrollment projections and ‘The Status of the 2000-2001 Bachelor’s Degree Recipients: One Year Later,’ should take into
account “the notion of a pipeline of some kind that represents aspirations of Oregonians from the earliest exposure to school until some agreed upon point.”

Continuing through the planning document, Director Bassett pointed out that the item regarding partnerships is appropriately addressed by the Joint Boards Working Group. He urged regular attendance and participation by Board of Higher Education members in the work of the Joint Boards since the work of that group and SSP actually overlap in a number of ways. There was discussion around the topic 3(c) that focused on “other Oregon state and local government agencies.” Directors Bassett and Wustenberg indicated a lack of clarity on the topic and a question of partnerships during a time of very limited resources. President Creighton offered the example of capstone experiences at EOU that required internships and co-op experiences with other agencies. He indicated confidence that each of the campuses could provide excellent examples of a range of partnerships that exist with other local government and service agencies.

On the topic of governance structures, Chair Bassett indicated that he had put a hold on the topic, separating the question of governance, as it is likely to develop from the work of the Joint Boards.

Director Lehmann proposed that one way to prioritize the work plan from a time perspective would be to consider those items that would enable the Board and the System to make the higher education case in as strong a manner as possible. “I think the issue of somehow quantifying our relationship to economic recovery is extremely important if we are going to be able to help people understand how we do what we do. How do we explain to folks that disinvestments now are going to hurt us economically?” she questioned.

Director Bassett concurred and expressed the need to capture the urgency that is present around the System and include those items in precise and analytical ways. Going back to the extract of the “Measuring Up Report”, Mr. Bassett underscored that “this work is too visible and too important for us not to have it also reflected in our work. There is really only one category here that I think is not already covered in one way or another and that is the category called ‘preparation.’ That is, the notion of how well and in what ways students are prepared before they arrive at the post-secondary education phase of their lives. This is an item of great interest and will be an item of attention for the Joint Boards Working Group.

“I suggest that the Measuring Up Report’ be embraced by us as a relevant, national work that we consider, not just the document itself, but how it is constructed, and that we use the measures as a guide to things we might do. I make a big point of this document even though it has drawn its share of controversy on several levels. One of these is that it was not constructed in a way that is exactly comparable or relevant. In other words, there are criticisms of the actual measures and whether they are relevant. Mostly it was and still is seen as a judgment of the institutional performance.”
Director Lussier observed that the report actually measures the environment in which an institution exists and it might be interesting to contrast the performance of the institutions with the environment in which they reside. Director Lehmann expanded the discussion by indicating that the Board could use the measures to show two things. “We could use the statistics on participation of high school freshmen entering college and affordability, and compare that to those states that are doing so much better than we are.”

Director Lussier asked Vice Chancellor Clark to comment on whether or not some achievement tests have been downplayed and if some of the state’s internal initiatives were based on the K-12 system making substantial progress in many areas.

Dr. Clark responded that the study that will be presented to the Joint Boards will be examining the high school performance data of students and comparing it to their performance in their first year in college. This, she continued, will have the benefit of looking more closely at the interrelationship of performance at two levels. “I think it’s a very important area for us to discuss further in terms of how we got a grade of ‘C’ as a state in relation to the very serious reform agenda that Oregon has had for a decade. We could certainly look at this in greater detail as it relates to preparation for college and provide more information than what will be in the report.”

Director Young suggested that it was a priority to demonstrate in at least the budget acquisition strategy, that we own access and quality. “It might be useful if we could compile information from the State Scholarship Commission and what could be projected to be raised, and could compile the information and say these are the additional students that will be able to receive a grant at some level.”

Continuing, Director Young shared an idea of creating an OUS citizen advocacy program for higher education and the various partners who could be involved in it. He observed that there are a lot of campus organizations that already do advocacy for their particular institutions and wondered about including them in advocacy for the broader System.

Director Bassett called on Ms. Weeks to present how the SSP Committee might work on a topic such as affordability. “Affordability, for example, addresses a range of topics like a student’s ability to pay. We could get a sense of the continuum between our highest aspiration and what we would do with the last public dollar on the table. This would give the Board a sense of the high stakes that are involved in making a decision in this arena and the importance of it being a very fundamental and focused decision.”

Ms. Weeks indicated that the process of discussion might be to focus on a way to define a particular variable, such as affordability, and look at all of its dimensions. By way of illustration, most of the categories under affordability were drawn from “Measuring Up.” “Family ability to pay is one of those variables. Availability of need-based financial aid, low student debt, manageable tuition rates, and total costs are some additional variables used in the Report. Each of these has, or will have, attached to it some piece
of data that resembles a ‘dashboard’ indicator. Flowing from that is the connection to other strategic planning variables. These are some examples of how the topics might interrelate,” Ms. Weeks concluded.

Director Wustenberg suggested another way of looking at progression from the highest aspiration to the last dollar commitment. “It could be to focus on trying to achieve 100 percent of the RAM and going from that as the highest aspiration to the lowest aspiration which is to tax students. If we had our preference, we would have the full state support. Somewhere in between is what we will realistically achieve.”

Director Lussier added that as the policy statements are discussed, they need to be interconnected with other things the Board is doing and connected to the RAM. “It is important that as we finish this work we end up with a System that is in concert with each other item throughout.”

Director Lehmann asked if it were possible to have a way of showing the economic prosperity or economic trends of the other states in the sample of “Measuring Up.” “I am hoping that we can make the case that states that are making the investments in education are doing better economically.”

Director Bassett focused the conversation on materials displaying budget models and quality that had been prepared for the Joint Boards Working Group and indicated they had been useful in that group’s dialogue. “The Quality Education Model from K-12 is the most obvious connection between policy and resource allocation among the three sectors (K-12, community colleges, and higher education). There was a request to see information on these dimensions for the three and have them displayed side-by-side.”

Another overview document prepared by Dr. Clark was reviewed. It was prepared in response to a Joint Board request to examine several questions: How is quality measured? Where are there examples? Have studies of quality been completed and if so, where are they? Director Bassett indicated that the real question is, “What standards of measurement are used in a time of declining resources? The Board does not need to get involved in the detail of performance measures of campuses to enter into a discussion of quality.”

In response to a suggestion by Director Young that advocacy should be included in the planning scheme, Chair Bassett indicated that it is a topic to be picked up later. “We need to be mindful that our work here is that of adopting policy. We had a discussion earlier about advocacy. We can wrestle later with whether advocacy is a policy topic or is a way in which we deliver the results of policy work. I believe there is a distinction to be made here.”

President Creighton suggested that the topic of economic development be added to the work agenda that could also include the focus of economic recovery.
In closing the discussion, Director Bassett said that at the next meeting there would be a work plan that would be a refined version of the System Strategic Directions with an emphasis on the topics to be covered by the SSP Committee. In addition, a more focused discussion would be planned on the topics of affordability and quality.

Director Watari expressed an interest in some information and/or training in diversity since, “We will be forced to make some decisions, especially in light of the Supreme Court decision with the University of Michigan. We need to be informed on this type of information.” Director Bassett acknowledged that this was a topic that he had neglected to add to the list of focus areas for the Committee.

5. Adjournment

The Committee adjourned at 8:15 p.m.
Meeting Participants: Don VanLuvanee, chair, Tom Imeson, Geri Richmond, and Tim Young.

OUS University Presidents: Phil Creighton, EOU; Martha Anne Dow, OIT; Dan Bernstine, PSU; Dave Frohnmayer, UO; and Phillip Conn, WOU.

Chancellor’s Office staff: Richard Jarvis, Chancellor; Tom Anderes, Vice Chancellor for Finance and Administration; Michael Green, Controller; and Bob Simonton, Director of Capital Planning and Budget.

Meeting attendees also included other institutional representatives, other members of the Chancellor’s Office staff, and interested observers.

The meeting was called to order at 7:35 a.m.

MINUTES FROM July 19, 2002
A motion was made by Director Imeson and seconded by Director Richmond to accept the minutes from the July 19, 2002, meeting; the motion was approved.

ACTION ITEMS

2002-03 Operating Budget
Vice Chancellor Anderes advised the recommended fiscal year 2002-03 distributions of state General Fund through the OUS Resource Allocation Model (RAM) have been developed to comply with Senate Bill 5524, the primary operating budget bill for OUS. These distributions also reflected the permanent reductions taken through the five special legislative sessions that occurred subsequent to the 2001 regular session. These reductions have been taken as directed by the legislature, and have been spread across the two years of the biennium.

In addition to State General Funds, the OUS operating budget is made up of Other Funds Limited (including estimated campus tuition and fees, indirect cost recovery on sponsored research, and special fees), as well as Other Funds Non-Limited (gifts, grants, and contracts; designated operations; and auxiliary services), and Lottery Funds.
2002-03 OUS OPERATING BUDGET, ALL FUNDING SOURCES

<table>
<thead>
<tr>
<th>Education and General Program</th>
<th>State General Fund</th>
<th>Other Funds Limited</th>
<th>Other Funds Non-Limited</th>
<th>Lottery Funds</th>
<th>2002-03 All Funds</th>
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<td>Eastern Oregon University</td>
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Total Education and General Program $335,831,595 $394,949,254 $895,127,264 $1,625,908,113

OSU Statewide Public Services

| Agricultural Experiment Station | 28,053,219 | 8,086,298 | 30,806,568 | 669,46085 |
| Extension Service              | 19,387,875 | 14,229,780| 15,000,000 | 48617655  |
| Forest Research Laboratory     | 2,756,635  | 4,593,586 | 12,491,000 | 19841221  |

Total OSU Statewide Public Services $50,197,729 $26,909,664 $58,297,568 $135,404,961

Other

| Debt Service Requirement       | 10,773,774 | 37,999,155 | 278,692 | 49,051,621 |
| Capital Construction           |            |           | 2,211,828 | 2,211,828 |

Total Other $10,773,774 $0 $37,999,155 $2,490,520 $51,263,449

TOTAL 2002-03 Budget $396,803,098 $421,858,918 $991,423,987 $2,490,520 $1,812,576,523

* Central Services includes the Chancellor’s Office; Oregon College of Engineering and Computer Science, including EEIF funds; Oregon Joint Graduate Schools of Engineering; and Systemwide targeted expenditure and program funding to be allocated.

Discussion

Director Imeson commented that the fact the System universities are dealing with growth along with shrinking budgets means that we are spreading the funding across too many people. This will cause a decrease in quality or an increase in tuition. He opined that the Board will need to look at limiting the size of the enrollment and then discussing with the legislature the concept of a funding position that admits only the amount of enrollment that can be sustained.

Vice Chancellor Anderes stated that staff recommends that the Board Committee on Budget and Finance recommend for approval by the full Board the proposed Annual Operating Budget and allocations for 2002-03 and delegate authority to the Chancellor to make adjustments to the OUS Annual Operating Budget for 2002-03 as required. Director Richmond made the motion to accept the budget as proposed and Director Young seconded the motion. The motion was unanimously approved.

PSU Agreement with the Portland Development Commission

Vice Chancellor Anderes introduced Bob Simonton, Director of Capital Planning and Budgeting, who presented the item. Simonton advised Portland State University (PSU)
seeks Board approval to authorize the Vice Chancellor for Finance and Administration, or designee, to complete a proposed agreement with the Portland Development Commission (PDC), whereby PDC would provide $5 million cash to the University for design and construction of the Northwest Center for Engineering, Science, and Technology. In exchange for the $5 million, OUS would transfer ownership of a surface parking lot (commonly known as the “car pool lot”) at the corner of SW Fifth Avenue and SW Montgomery Street, and, in addition, transfer a $2.3 million interest in the PCAT building, located north of SW Harrison Street, between SW Fifth and SW Sixth Avenues, to PDC. The sites are adjacent to the new Urban Plaza and are within the approved campus boundary. PSU would lease back the car pool lot for as long as PDC did not pursue the development of the site. The rental amount would be $3,000 per month and would be paid from parking revenues.

Assuming the PCAT site is redeveloped within a seven-year time frame, no rent will be due to PDC for PSU’s use of this property. However, should the site not be redeveloped within seven years, PSU will pay PDC rent beginning the eighth year at the rate of $250,000 per annum with annual CPI adjustments thereafter. In any event, PSU shall retain the option to buy out PDC’s interest in the PCAT building at its fair market value.

Simonton advised staff recommends that the Board approve PSU’s request to transfer the surface parking lot and, in addition, transfer a $2.3 million interest in the PCAT building to the PDC in exchange for $5 million, assuming all conditions are met and that the final transaction details are agreed upon by all parties, subject to final approval by the Vice Chancellor for Finance and Administration. Director Richmond so moved and Director Young seconded the motion. The motion was carried.

**PSU Purchased of North Macadam Property**

Simonton advised PSU seeks Board approval to authorize the Vice Chancellor for Finance and Administration, or designee, to seek legislative approval for the proposed purchase of a parcel of land with office facilities, a warehouse, and retail operations located at 3714 and 3838 SW MacAdam Avenue in Portland, Oregon, from LaGrand Industrial Supply, for a maximum of $3.1 million plus closing costs. This site, comprised of approximately 92,000 square feet (approximately 2.11 acres) is located in the heart of the proposed North MacAdam redevelopment district. It currently houses a warehouse used by LaGrand Industrial Supply for material storage, an office complex leased to a third party, and a pleasure boat sales lot also leased to a third party.

PSU will lease the warehouse and the adjacent office and retail spaces to the current owner and tenants for up to five years, at which time the facilities will be converted to PSU classroom, laboratory, office, and parking uses. The site is located on the proposed streetcar extension route, is near the proposed OHSU tram landing, and is adjacent to a warehouse owned by OHSU. This represents an opportunity to be part of this proposed redevelopment and enter into extensive collaborative programs with OHSU to expand engineering, science, and biotechnology initiatives in order to better serve the needs of the Portland metropolitan area, the state, and the region.
The parties have entered into a purchase agreement with an agreed-upon price of $3.1 million for the property (subject to appraisals), and will be funded with Article XI-F(1) bond proceeds. The debt service payments on this purchase amount are estimated to be $210,000 per year. Tenant rents are projected at $170,000 per year for the first two-year period. The balance of the funding needed during the lease term and thereafter will come from tuition, indirect cost recoveries, and parking fees in PSU's operating budget.

**Discussion**
Director Imeson asked President Bernstine for the estimated date when the development of the property will begin. Bernstine advised development should begin within a year.

Simonton advised staff recommends that the Board approve PSU’s request to purchase a parcel of land with office facilities, a warehouse, and retail operations located in the North Macadam district from LaGrand Industrial Supply, for a maximum of $3.1 million plus closing costs, assuming all conditions are met and that the final purchase details are agreed upon by all parties, subject to final approval by the Vice Chancellor for Finance and Administration and the Legislative Emergency Board. Director Imeson made the motion to approve PSU’s request to purchase this parcel of land; Director Young seconded the motion. The motion was approved.

**CONSENT ITEMS**
Vice Chancellor Anderes advised the three items listed in the docket material for consent must be approved individually as follows:

**OSU Hinsdale Wave Research**
Oregon State University (OSU) seeks Board approval to authorize the Vice Chancellor for Finance and Administration, or designee, to seek an additional $700,000 of Other Funds limitation from the legislative Emergency Board (E-Board) for unforeseen costs associated with the Hinsdale Wave Research Project. Unforeseen during the initial design process were approximately $300,000 in electrical upgrades, including a new transformer and mechanical equipment to support the design and operation of the wave generator. Additionally, an overhead crane is necessary to move equipment to various experimental stations throughout the basin. In addition, the City of Corvallis, through the plan review and permit process, is requiring OSU to add a sprinkler system throughout the research lab, including the existing facility. The City is also requiring access for fire fighting equipment. All told, these new elements result in the need for an additional $700,000 in authorization. Director Imeson made the motion to approve the request for additional expenditure limitation, Director Young seconded the motion. The motion was approved.

**SOU Library**
Southern Oregon University (SOU) seeks Board approval to authorize the Vice Chancellor for Finance and Administration, or designee, to obtain approval from the E-Board for an additional $5 million of expenditure limitation for issuance of Lottery bonds, and a $1.8 million decrease in expenditure limitation of Gift Funds for the Library
Project. During the third Special Session of the legislature, House Bill 4055 was passed which included an amendment to Chapter 845, Oregon Laws 2001, (the OUS Capital Construction program). The amendment modified section 13, giving OUS the authority to sell a total of $10 million of lottery bonds to match an equal amount of Article XI-G Bonds for SOU's Library Project. The measure was passed to expedite the construction schedule of the project by using lottery bonds in lieu of gift funds for the required match. However, the required authority to spend the additional lottery bonds was not included in HB 4055. Concurrent with this request, SOU wishes to retain $3.2 million in gift funds to fulfill key program objectives for the project. Director I meson made the motion; Director Young seconded. The motion carried.

2002-03 Travel Reimbursement Policy
Michael Green, Controller, advised the State Board of Higher Education annually approves travel reimbursement rates for employees, as well as non-employees serving OUS campuses. The following chart sets forth the travel reimbursement rate policy as recommended to be effective the first day of the month following Board approval. In general, the policy sets OUS travel rates equal to the federal rates using certain specified federal schedules. Under this policy future OUS rate changes will be made to equal federal government rate changes; the effective date of OUS changes will be the same as the federal effective date. Also, under the policy each institutional president will have the discretion to establish their institution's rates below the OUS rate. If the institutional president exercises this option, a copy of the institutionally approved rates are to be submitted to the Controller’s Division in advance of implementation. If the institutional president does not exercise this option, the OUS rates will apply.
**OUS Travel Reimbursement Rates Policy**  
*(effective the first day of the month following Board approval)*

<table>
<thead>
<tr>
<th>Category</th>
<th>Policy</th>
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</thead>
</table>
| In-State:                             | **Standard:** The OUS per diem equals the federal rate using the *Federal High-Low Schedule* with the institutional president having the discretion to establish their institution’s rates below this amount (see note A below). Deductions required for meals provided. Lodging tax is reimbursed as a miscellaneous expense. No receipts required for lodging, meals and incidental expenses. Institutional policy applies regarding pre-approvals.  
  **Exceptions:** (1) **Conference:** Lodging at actual and reasonable cost (lodging receipts required). (2) **Portland:** Institutional policy applies regarding exception for lodging at actual and reasonable cost for the Portland Metropolitan area (lodging receipts required). |
| Out-of-State, Continental US:         | **Standard:** The OUS per diem equals the federal rate using the *Federal High-Low Schedule* with the institutional president having the discretion to establish their institution’s rates below this amount (see note A below). Deductions required for meals provided. Lodging tax is reimbursed as a miscellaneous expense. No receipts required for lodging, meals and incidental expenses. Institutional policy applies regarding pre-approvals.  
  **Exception:** (1) **Conference:** Lodging at actual and reasonable cost (lodging receipts required).                                                                                                                                                    |
| Foreign, AK, HI, PR, and US Possessions: | **Standard:** The OUS per diem equals the federal rate using the *Federal Specific Locality Table* with the institutional president having the discretion to establish their institution’s rates below this amount (see note A below). Deductions required for meals provided. Lodging tax is reimbursed as a miscellaneous expense. No receipts required for lodging, meals and incidental expenses. Institutional policy applies regarding pre-approvals.  
  **Exception:** (1) **Conference:** Lodging at actual and reasonable cost (lodging receipts required).                                                                                                                                      |
| Mileage, Private Vehicle:             | The OUS mileage reimbursement rate equals the federal rate with the institutional president having the discretion to establish their institution’s rate below this amount (see note A below).                                                                                                                                                             |
| Non-Commercial Lodging:               | OUS establishes the per diem rate for non-commercial lodging.                                                                                                                                                                                                                                                                                               |
| Proration of Meals & Incidental Expenses per Diem for Partial Days Involving an Overnight Stay: | OUS establishes the methodology for proration.  
  **On the day the trip begins,** the traveler is eligible for 100% of the per diem if the trip begins *before* 12:00 p.m. (Noon), or is eligible for 50% of the per diem if the trip begins *after* 12:00 p.m. (Noon).  
  **On the day the trip concludes,** the traveler is eligible for 100% of the per diem if the trip concludes *after* 6:00 p.m., or is eligible for 50% of the per diem if the trip concludes *before* 6:00 p.m. |
<p>| Allocation of Meals &amp; Incidental Expenses per Diem: | OUS establishes the methodology for allocation. A deduction is necessary for meals provided. The proration shall be: breakfast 25%, lunch 25%, and dinner 50%.                                                                                                                                                      |</p>
<table>
<thead>
<tr>
<th>Category</th>
<th>Policy</th>
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<tr>
<td>Incidental Expenses:</td>
<td>OUS establishes the definition of incidental expenses. Incidental expenses are combined with meals into a single rate and include, but are not limited to, expenses for laundry, cleaning and pressing of clothing, and fees and gratuities for services, such as for waiters and baggage handlers.</td>
</tr>
<tr>
<td>Miscellaneous Expenses:</td>
<td>OUS establishes the definition of miscellaneous expenses. No receipts are required for items of $25 or less. All expenses must be itemized. Miscellaneous expenses include, but are not limited to, vehicle rentals, taxi fares, bus fares, shuttle fares, telephone calls, faxes, parking, tolls, energy surcharges, and lodging taxes.</td>
</tr>
</tbody>
</table>

Note A: If the institutional president exercises the option of establishing rates at a lower amount, a copy of the institutionally approved rates will be submitted to the Controller’s Division prior to implementation. If the institutional president does not exercise this option, the OUS rates will apply.

Staff recommends the Board approve the proposed travel reimbursement policy as presented. Director Richmond made a motion to adopt the 2002-03 Travel Reimbursement Policy rates as set forth in the material; Director Young seconded the motion. The motion was carried.

REPORT ITEMS

Vice Chancellor Anderes noted that in review of budgets at OSU during the past year, it was evidenced that OSU has made positive moves with regard to this process. OSU administration is striving to work through the athletics debt and the Chancellor’s Office staff is supportive of their actions.

Controller Green advised the purpose of the report was to communicate the fiscal status of the budgeted operating funds (Education and General Funds—E&G) of OSU for the fiscal year ended June 30, 2002, in accordance with the Fiscal Accountability Process that was presented to the Joint Board Committees on Budget and Finance and System Strategic Planning in December 2001. As a part of that process, OSU's financial management was to provide the following information on a quarterly basis:

- A balance sheet and a report of actual revenues and expenditures compared to targeted revenues and expenditures;
- Explanations for material variances from targets;
- Management plans to address material variances;
- Future quarterly targets; and
- Explanations for adjustments to future targets.

In general, the fiscal condition of the budgeted operating funds of OSU at June 30, 2002, remains stable. As in the previous year, revenues outpaced expenditures, and cash and fund balances have grown. Fund balance was also increased through a redistribution of $5.4 million of the liability for compensated absences to the Statewide
Public Service functions and the self-supporting operations. Green concluded by stating OSU has not set targets for 2002-03 but anticipates the submission of these targets for the next quarterly report.

Director VanLuvanee expressed his appreciation of the report and thanked OSU for the “good progress.”

**OSU Intercollegiate Athletics Monthly Fiscal Analysis**

Controller Green advised that the purpose of the report was to communicate the fiscal status of the Intercollegiate Athletics Department (Athletics) of OSU in accordance with the request of the Budget and Finance Committee. Green noted that the fiscal condition of OSU Athletics has improved over the prior year. The cumulative operating deficit has decreased by $.9 million to total $4.7 million at June 30, 2002, which is below the approved deficit target of $5.6 million. Athletics has met and exceeded the Board’s approved deficit reduction plan for the year ended June 30, 2002.

**Discussion**

Director VanLuvanee thanked OSU for the progress made to date. Vice Chancellor Anderes noted that Vice President Mark McCambridge has lead the effort to move forward on many of these financial issues. Referring to the cash overdraft section of the report and to the last report received by the Board wherein Athletics borrowed $2 million from the Education and General Fund in anticipation of receiving funds from the NCAA, Director Young asked if that explained this figure. Green stated that the loan was paid back and that the amount listed is a cash overdraft covered in a shared account with the University for student-related accounts. This is an internal University loan, of which they pay interest, and is not over-drafted with the Treasury account.

**Meeting Adjournment**

The meeting was adjourned by Director VanLuvanee at 8:00 a.m.
1. **Call To Order/Roll Call**
   The meeting of the Budget and Finance Committee of the Oregon State Board of Higher Education was called to order at 8:35 a.m. by Chair VanLuvanee.

   On roll call, the following Committee members answered present:
   - Don VanLuvanee
   - Geri Richmond

   Absent: Directors Imeson, Williams, and Young

   **Other Board members present:**
   - Leslie Lehmann
   - Jim Lussier
   - Phyllis Wustenberg

   **Chancellor’s Office staff present:**  Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Grattan Kerans, and Diane Vines

   **Others:**  Dan Bernstine (PSU), Philip Conn (WOU), Phil Creighton (EOU), Martha Anne Dow (OIT), Lesley Hallick (OHSU), Tim White (OSU), and Elisabeth Zinser (SOU)

   Meeting attendees also included other institutional representatives, members of the Chancellor’s Office staff, and interested observers.

2. **Approval of Minutes**
   - **October 20, 2002, Budget & Finance Committee Meeting Minutes**
     Because there was not a quorum of the Committee, the minutes were not approved. There was a consensus, however, that they should be approved.

3. **Action Item**
   a. **Amendment to OAR 580-040-0040 Academic Year Fee Book 2002-03, Pertaining to Tuition Surcharges (Temporary Rule)**

   **Report to the Board**
   The staff recommended the Board approve a temporary rule change to the 2002-03 Academic Year Fee Book through the assessment of tuition surcharges for winter and spring terms 2002-03. These surcharges are in addition to the surcharges approved at the November Executive Committee meeting.
In December 2002, the State of Oregon Office of Economic Analysis reported that the State General Fund would fall short by $111.8 million more than had been previously estimated. Rather than return to the Legislature for a sixth time for resolution, the Governor invoked his authority to make across-the-board cuts in Executive Branch agencies. The result is an additional $9.1 million reduction to the Oregon University System (OUS) General Fund appropriation for 2001-2003, to be absorbed in the last six months of the biennium.

Enrollment demand at the OUS institutions continues at an all time high. The growth, coupled with the series of general fund reductions over five special sessions of the Legislature this biennium, has resulted in a decline in the amount of total resources per student that institutions have available for instruction and support services.

In January 2003, voters will decide the outcome of a proposed income tax surcharge to help offset the reductions outlined by the Fifth Special Session of the Legislature. Contingent upon the income tax surcharge issue failing in the January Special Election, the Executive Committee of the Board, at its November 2002 meeting, approved a temporary rule change to the 2002-03 Academic Year Fee Book granting institutions the authority to assess tuition surcharges winter and spring term 2003. That action was ratified by the full Board in December 2002.

Faced with these continuing deteriorating conditions, institutions are reviewing their options for addressing the most recent $9.1 million reduction. They are responding by various means including: imposing further cuts to services; enlarging class sizes; reducing section and course offerings; and offsetting reductions with use of fund balances. One additional option is to generate offsetting income by increasing student tuition rates through a supplemental tuition surcharge.

Some institutions have determined further cuts would result in severe impacts to their ability to carry out their respective missions. As a result, it is necessary for them to assess a supplemental tuition surcharge to allow them to sustain an adequate level of service to their students.

**Need for the Temporary Rule:**

The conditions precipitating the need for the tuition surcharges were unknown at the time the original tuition and fees were approved by the Board in July 2002. The continued eroding economic condition of the State of Oregon resulted in two additional Special Sessions of the Legislature after the 2002-03 Academic Year Fee Book was adopted. Subsequent forecasts by the Office of Economic Analysis have resulted in yet further state General Fund reductions imposed by the Governor. It is necessary for certain institutions of the OUS to offset these reductions of state General Fund with other revenues. Tuition is the only source of revenues capable of generating adequate resources to address this critical need.
The timing for this amendment is critical. Registration for winter term 2003 began in mid-November. There are two options in dealing with the timing of tuition and fee assessment. One is to assess the supplemental tuition surcharge to students already enrolled winter term 2003, as well as spring 2003. The other option is to assess a larger surcharge in spring term 2003 only.

Three institutions proposed assessing supplemental tuition surcharge to partially offset their portions of the $9.1 million reduction directed by the Governor in December 2002.

OSU intends to assess the surcharge winter and spring terms 2003 at $3 per credit hour for undergraduates and $4 per credit hour for graduates up to the plateau credit hour levels. The winter term assessment will not be made until after the January 28, 2003, special election in conjunction with the potential tuition surcharge assessment related to the Measure 28 outcome. The supplemental surcharge will not be assessed on students at the OSU-Cascades Branch Campus.

SOU will assess the surcharge spring term 2003 at $5 per credit hour for resident undergraduates and $2.25 per credit hour for resident graduates up to the plateau credit hour levels. Incremental hours above the plateau will be assessed the per credit hour rates. No supplemental surcharge will be assessed to nonresidents.

UO may assess the surcharge spring term 2003 at up to $3 per credit hour on all students for all credit hours. UO will only assess the surcharge if two conditions exist: 1) Measure 28 fails at the January 28, 2003, special election; and, 2) the UO determines that the additional revenue generated by the supplemental surcharge is necessary to break even in budgeted operations during the current fiscal year. The supplemental surcharge will not be assessed on Law students.

OAR 580-040-0040 Academic Year Fee Book
(Underlined material is added; brackets denote deletion.)

The document entitled Academic Year Fee Book, dated July 19, 2002, and amended November 15, 2002, is hereby amended by reference as a temporary rule to incorporate assessment of supplemental tuition surcharges to mitigate the reductions directed by the Governor as a result of the December 2002 Economic Forecast.

Through the amendment, the Board adopts, as a temporary rule, the document entitled Supplemental Tuition Surcharges 2002-03, memos of attachment amending the draft document, and other amendments and attached schedules noted in this agenda item. Consideration of the permanent rule will occur at the earliest possible meeting of the Board of Higher Education consistent with permanent rule-making requirements.
Staff Recommendation to the Board

Staff recommended that the Board amend OAR 580-040-0040 to reflect the ability of universities to implement tuition surcharges in both the winter and spring terms of FY 2003 in response to the additional ($9.1 million) reduction in General Funds.

COMMITTEE DISCUSSION:

Vice Chancellor Anderes reminded the Committee that this item is part of the “unending story of tuition surcharges. We will do a summary on the surcharges in February and in April you will begin to talk about tuition rates as they relate to the next biennial budget.”

The Committee was reminded that the surcharges are temporary and apply only to the end of the current academic year.

COMMITTEE ACTION:

Because of the lack of a quorum of the Committee, a vote could not be taken. However, there was a sense of the Committee to recommend that the full Board should approve the Academic Year Fee Book as presented.

4. Discussion Items
   a. Initial Review of the Implications of the Governor’s Biennial Budget Recommendation

In introductory remarks on the implications of the Governor’s biennial budget for OUS, Vice Chancellor Anderes indicated that the best he could give at this point in time was a very general overview since the issue for the state at the present time of scarce resources is what the state can afford. “The Governor’s focus for action is basically K-12, economic development opportunities, and job creation. There is also a non-monetary concern about building confidence in government that, in turn, could generate more interest in a number of agency initiatives. Lastly, the fiscal problems associated with PERS will remain high on the Governor’s list.

“Under the Governor’s recommendation, OUS is receiving approximately $780 million in General Fund support. That is one percent above where the System is today. And, I say today, because that could change. This is six percent below where the legislatively adopted budget was,” Vice Chancellor Anderes continued.

If the resources of the state are put into the funding model and the 80 percent threshold that the Board approved in the revised budget process, the System would be able to handle 105,200 students or 13,200 below the number currently being served. The present recommendation would also place the System at 34 percent below the peer median if we were to fund all of the students that we believe would want access in the next biennium. In addition, the Governor has recommended tuition increases at a 2 percent level for residents and 3.5 percent for non-residents. Dr. Anderes explained that this would be money to provide some additional capacity for the institutions to offset some of the reductions they realized this biennium.
There were policy packages that had been part of the Board’s budget request, none of which have been supported by the Governor and, given the current environment, there will not be any policy packages considered. Further, the Governor has recommended that there will be no increases in his budget for salary enhancements, PERS, or PEBB. Phase-in costs for the College of Veterinary Medicine were approved.

“What do the recommendations mean?” Dr. Anderes continued. “This is a very broad analysis. The institutions will not meet the full demand for instructional services. The additional demand for students that had been projected is in the area of 9,000 to 10,000 additional students beyond where enrollments are today. The recommendation would suggest that if we simply stay at the same cell value of 74 percent, we can fund the FTE and there is a gap growing of 9,000-10,000 students that can’t be served, at least not from the General Fund as the single source. If we don’t keep the enrollment where it is and we grow, then we will be looking at the cell value going down.”

It was pointed out that the Budget and Finance Committee, over the next few meetings, could focus on the dynamic of the options that are available given the current level of funding, affordability (in terms of tuition increase), and the level of quality the System wants to achieve.

The engineering and computer science initiatives were discussed. “What we have to understand is that there are resources that continue in the budget for ETIC. These are dollars that exist that could be realigned. I think we are going to have to look at the objectives, whether it’s the top-tier, whether it’s quality issues, and begin to reassess those and determine how best the existing dollars (about $25 million) can be used.”

“Unfunded compensation and operating costs will have to be supported through the reduction of existing programs and increased tuition,” continued Dr. Anderes. “It is inevitable that, as we talk about the programs that are presently being supported in a somewhat precarious way through the tuition surcharge, there will be decisions that if we don’t retain some level of funding, we’re going to lose programs.”

Finally, Dr. Anderes observed that PERS presents some daunting challenges for state agencies. It was highlighted that it is very difficult to create meaningful scenarios with no idea of what decisions will be made about the future of PERS. Dr. Anderes expressed the hope that there would be additional information in April on the range of possible options. There is optimism that the Governor will work with key committees and arrive at a reasonably acceptable solution. The major factor in planning is that there is no indication at the present of a timeline for resolution.

Turning to the Flexibility Initiatives, Vice Chancellor Anderes expressed the hope that these initiatives would be something positive for the System and that their approval would result in an ability to deliver services at a higher level of quality. The relationship of the Flexibility Initiatives and The Deal form the basis for some of the work of the Budget and Finance Committee in the next few months. The first topic discussed was tuition. There are a host of issues that are embedded in the tuition and access items.
including the relative impacts on students, both resident and non-resident, and whether tuition increases are seen as short-term or long-term measures.

In the area of compensation, there are the PERS and PEBB issues and a need to re-examine faculty salaries and the manner in which they are tied to meaningful benchmarks in areas such as quality. If there are mandates concerning PERS and PEBB, but they are not funded or only partially funded, what is it that each institution will be called on to absorb? How can it be accomplished?

Vice Chancellor Anderes underscored for the Committee the importance of linking Strategic Planning Directions in a meaningful way with financial planning. This is reflected in discussions concerning affordability, access, and quality that the SSP Committee will be addressing. It will be imperative to have strategies in place as the System moves through both the legislative session and then, in July, into the next biennium.

b. System Strategic Directions – Work Plan and Committee Assignments

Vice Chancellor Anderes turned to a discussion of how the work of the Budget and Finance Committee could relate to the System Strategic Directions, specifically those under category B: Propose a New Higher Education Financial Strategy for Resource Acquisition (The Deal). Topics such as: reviewing alternatives and managing reduced enrollment levels; limiting erosion of quality; reviewing different tuition scenarios to address access and quality concerns; assessing financial aid requirements such as use of fee remissions, establishing parameters for access of the neediest students; creating a clear understanding of compensation issues and how to retain a strong faculty and staff are all topics that naturally should be covered by the Committee. In addition, there are four other items that will require attention: new sources of revenue; the Flexibility Initiatives; bonding relative to deferred maintenance; and unmet educational needs and how to target funding.

To begin to address some specific areas, it was suggested that February would be a time to look at some of the implications of the Governor’s recommendations as they relate to The Deal. This would be in conjunction with affordability issues that the SSP Committee is working on, and some background information on student financial aid, fee remission, and so forth.

In response to Director Lehmann’s inquiry about whether or not the Governor expressed any intent about funding student financial aid, Dr. Anderes indicated that he had not and that he understood the Governor wanted it to remain separate from the OUS budget.

Director Lehmann asked if there were a way to quantify what the System would be able to provide in terms of access and quality. For example, she added, is there a way to take the absolute amount that the Governor is recommending in his budget, apply the Flexibility Initiatives, and arrive at levels of access and quality. Dr. Anderes responded that it would probably be most valuable to examine a number of scenarios that relate to
enrollments, Flexibility Initiatives, RAM cell values, and begin to modify or adjust those variables and determine alternatives.

Director Richmond indicated that it was important not to lose track of the small school enhancements that had been discussed. Dr. Anderes indicated that an analysis of the RAM cells is underway and there is a focus on the small school allocation. “A major part of what we want to do is move the small school allocation up so that it is not as vulnerable as it is when it stands out as a targeted program. We want to move it out of harm’s way and figure out how to have it viewed clearly as instruction and instructional support like the cell support provides.

“You will remember from the last biennium that we came back at a time of reductions and said there were some things we needed to add back. If there are really critical needs that we have that, even in some general sense we should put forth and say, ‘if “a” happens then we can do “b”.’ We may want to be prepared to do that,” Vice Chancellor Anderes concluded.

Director Wustenberg asked if it were desirable in the current environment to have packages prepared. Mr. Kerans clarified that the reference was to the policy option packages that were presented in the budget and subsequently removed.

“The Policy Option Packages are the products of the standard Continuing Service Level (CSL) budget development process, in which we had to say what the CSL would be. Then we had to follow the fairly arcane rules in describing what is in and what is out of the CSL budget,” Mr. Kerans clarified. “Once we get that established, then we have to make recommendations for policy option packages that would be considered add-ons. All of that process has been swept away—the Governor has indicated that he wants to throw CSL in the ashcan. He wants to establish the thinking within agencies, his own Department of Administrative Services included, of a core functions budget. Essentially we’re in a period of transition.

“What Vice Chancellor Anderes has alluded to is the idea of bringing back some of those policy option items and saying, ‘We lost these in the budget development process. Governor-elect Kulongoski made his budget, presented it, and now perhaps there is some opportunity for an add-back.’ I think the likelihood of that happening is somewhere between slim and none. The Governor has said that, once he sees the outcome of the January 28 vote and the outcome of the February 28 revenue forecast (which will be the second to the last quarterly revenue impact with revenue estimate), he might make some further marginal priority decisions. If the estimates were up, there’s no evidence that we would be on the list, but there’s no evidence anybody would be on the list. So, going forward, I think we need to look at the dollars, which the Governor has recommended, and begin working around that level of funding.”

Continuing with an explanation of the current political and funding context, Mr. Kerans said, “The $779.9 million that Governor Kulongoski has recommended as an appropriation level for the Oregon University System is an artifact of a five special
session budget triage process, and it does not anticipate any of the revenue from the January 28 vote. In that regard, it is an ad hoc decision for every budget element in the State General Fund, not a purposeful one. On our side of the equation, it would seem to me that as the Chancellor and the rest of us interface with the Governor and the legislature, we need to try and establish budget policy objectives more meaningful than, ‘Let’s get through the next biennium and good luck.’ Instead, we want something that says, ‘What is it that we would want to invest in that number -- what does that number mean in relation to the Board’s priorities for access, quality, affordability? Is it support for so many students, at such a level of funding per student, which would establish not an ad hoc, but a purposeful process?’ It goes to the quality issue. It goes to the access issue.

“Second, we might say, ‘At ‘x’ amount we cover ‘y’ number of students, which defines who is left out.’ That’s when the elements of the Flexibility Initiative come into play. We need to quantify, in some gross amount, how many students we could support with the dollars earned and saved from the Flex proposal. Then it’s an access issue, while delivering quality. The same is true with the tuition issue. What greater access can you accomplish through tuition income, after an offset for low income students, so you protect quality, protect access, and do something for the most needy students? We need to get an accommodation with both the Governor and the legislature that we have made those decisions on our side, they are blessed on their side, and they have agreed that those are the parameters of our deal, of our arrangement. That does not mean dollars are brought to the budget. It does not mean that we are going to enroll everybody. It does mean that there will be a logical, rational, purposeful, and dispassionate discussion of the elements of that deal or agreement and that we need to get away from ad hoc decision making and triage that simply produces lower and lower dollars as we go down, leaving us with ad hoc decisions to make in perpetuity.

“Rather, we would hope to come to an accommodation among the enterprise, the Governor, and the legislature about what that means in the next biennium. In addition, we could say, ‘Here’s how we build up over two, four, six, and eight years as we try to work with less while at the same time there are the inexorable demands of the changing demographics coming to us in enrollment.’ That’s where the framing of this would be most useful as we try to get away from a budget triage product and number and instead turn it into some kind of design for long-term management of the enterprise and getting agreement with that vision that would produce.

“That is a tall order in a very noisy and depressing kind of legislative process, but I think that’s where we want to be at the end of the session. If we succeed in gaining such an agreement, we would have accomplished something of significant value in terms of management of the enterprise,” Mr. Kerans concluded.

Mr. Bassett indicated that Mr. Kerans remarks were very instructive and suggested that the framework should be part of the work of the Strategic Planning Committee. “The idea that we would get caught following an ad hoc strategy to wherever it goes, which is a sort of a never-never-no-bottom land, really does trouble us all. The other side of that
is whatever actions we take, taken in sum, need to communicate to the general public that we are doing the best we can with what we have. That has to be believable, it has to be realistic, and it has to be sustainable. Whatever combination of the variables we select at any given stage or any given moment when we're trying to predict what's next, needs to have those qualities,” Director Bassett concluded.

Director VanLuvanee indicated that, fundamentally the System is budgeted for a particular size and a certain number of students at a certain level. “The issue is, we have enough funding for however many students we have and anything that increases the number of students has to increase the funding or we don’t have the same System. Fundamentally, we’ve got to step up and say this is what we can do with what we have and maybe there are a few students here and there, but we can’t say there’s 10 percent more students,” he emphasized.

Director Wustenberg expressed her agreement and added that, “It puts the responsibility of access back on the legislature. If they want quality education for Oregon students, then this is the level that they have given us.”

“I think that the Board needs to have a vote,” Director Richmond said, “that is clear that this is the path that we are on. It’s very thoughtful, very prudent, very essential. We should say that we can have as much access as possible, but we basically have to decide what numbers we could admit in order to keep the quality up. What I would like to see the Board do is actually have a motion, make that statement, and hope it get out to the public.”

Vice Chancellor Anderes added that the implication of the 80 percent level is 13,000 fewer students than are currently in the System.

In concluding the discussion, Director Richmond asked when the RAM model would be reviewed to determine if changes in the cell values are warranted and Dr. Anderes indicated that the review is underway.

7. **Adjournment**

The meeting adjourned at 9:40 a.m.
Revised Chart: Strategic Planning Framework

System Strategic Planning Committee
Supplemental Materials

Click here to link to full document

February 20, 2003
Oregon State Board of Higher Education
Quality: Discussion Guide

System Strategic Planning Committee
Supplemental Materials

February 20, 2003
Oregon State Board of Higher Education

Appendix “C”
Report on 2002-03 Tuition Surcharge Rates

Budget and Finance Committee
Supplemental Materials

February 21, 2003
Oregon State Board of Higher Education

Appendix “D”
Resolution for the Sale of Article XI-G Bonds
Highlights of Projects

Budget and Finance Committee
Supplemental Materials

February 21, 2003
Oregon State Board of Higher Education
Eastern Oregon University

Project Science Center

Article XI-G Bonds Request $14,470,500 Plus 2% issuance cost = N/A

Project Summary:
To respond to a 47 percent enrollment growth since 1991 in science programs, planned growth in new degree programs, and a woefully inadequate existing science building currently over-scheduled (from 7:00 am to 10:00 pm during weekdays and 8 hours on the weekend). The proposed solution is to build a contemporary science facility addition tied into an upgraded Badgley Hall.

Total expenditure limitation authorized: General Fund: $0
Article XI-G Bonds: $14,470,500
Article XI-F(1) Bonds: $0
Lottery Bonds: $9,000,000
Other Funds: $5,470,500

Bond Term: 30 Year
Source of repayment: General Fund
Purpose: Design & Construction
Private Use: None
Previous allocation and source of funds: None
Advances required prior to sale: None
Source of advance: N/A
Estimated occupancy date: Feb 2004

Notes
Oregon State University

**Project** Veterinary Medicine Small Animal Hospital

**Article X1-G Bonds** Request $4,000,000 Plus 2% issuance cost = N/A

**Project Summary:**
To build a new Veterinary Medicine Small Animal Hospital and associated classroom and office space for the Veterinary Medicine College, adjacent to existing Veterinary Medicine instruction and research activities at Magruder Hall.

**Total expenditure limitation authorized:**

| General Fund: | $0 |
| Article X1-G Bonds: | $1 |
| Article X1-F(1) Bonds: | $0 |
| Lottery Bonds: | $0 |
| Other Funds: | $1 |

**Chapter 845 Section 2(5)(n) & 12**
**Emergency Board Date:** 4/19/2002

**Bond Term:** 30 Year

**Source of repayment:** General Fund

**Purpose:** Design/Construction

**Private Use:** None

**Previous allocation and source of funds:** None

**Advances required prior to sale:** None

**Source of advance:** N/A

**Estimated occupancy date:** Aug. 2003

**Notes**
Authorization granted by Legislative Emergency Board on April 19, 2002
Portland State University

**Project** Northwest Engineering Science & Technology Center, Ph I

**Article XI-G Bonds** Request $26,500,000 Plus 2% issuance cost = N/A

**Project Summary:**
To create a significant expansion of PSU's current Science, Engineering and Technology Center, in several phases, involving renovation of the Urban Center, Phase II Building (aka Fourth Avenue Building and/or US West Building) as well as a new research-oriented four-story addition.

**Total expenditure limitation authorized:**

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<tr>
<th>Chapter</th>
<th>Section</th>
<th>General Fund:</th>
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<tr>
<td>845</td>
<td>2(3)(h)</td>
<td>$0</td>
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**Article XI-G Bonds:** $26,500,000

**Article XI-F(1) Bonds:** $7,200,000

**Lottery Bonds:** $0

**Other Funds:** $26,500,000

**Bond Term:** 30 Years

**Source of repayment:** General Fund

**Purpose:** Design/Construction

**Private Use:** None

**Previous allocation and source of funds:** None

**Advances required prior to sale:** None

**Source of advance:** N/A

**Estimated occupancy date:** Aug. 2005

**Notes**

2/6/2003
Southern Oregon University

**Project** Library Addition/Remodel

**Article XI-G Bonds** Request $10,000,000 Plus 2% issuance cost = N/A

**Project Summary:**
To provide space to meet existing Library standards associated with accreditation. This will require a doubling in size to meet enrollment; modernization of space and technology computerization.

**Total expenditure limitation authorized:**

| General Fund: | $0 |
| Article XI-G Bonds: | $10,000,000 |
| Article XI-F(1) Bonds: | $0 |
| Lottery Bonds: | $5,000,000 |
| Other Funds: | $5,000,000 |

**Chapter 845  Section 2(6)(j)**

**Emergency Board Date:**

| Bond Term: | 30 |
| Source of repayment: | General Fund |
| Purpose: | Design/Construction |
| Private Use: | None |
| Previous allocation and source of funds: | None |
| Advances required prior to sale: | None |
| Source of advance: | N/A |
| Estimated occupancy date: | August 2004 |

**Notes**
University of Oregon

Project Museum of Art Addition & Alteration

Article XI-G Bonds Request $6,360,000 Plus 2% issuance cost = N/A

Project Summary:
The Museum of Art has served for many years as one of the most important teaching environments for the visual arts and architecture. Funds for this project will enable construction of a new 24,000 square foot wing and renovation of the original historic structure to accommodate new activities associated with contemporary museum practice. Highlights of the project include: collection storage, loading dock, new auditorium, classrooms, and additional gallery and office space. The renovation will involve asbestos abatement, ADA improvements, new electrical systems, and HVAC improvements.

Total expenditure limitation authorized:  
General Fund: $0  
Article XI-G Bonds: $6,360,000  
Article XI-F(1) Bonds: $0  
Lottery Bonds: $0  
Other Funds: $6,360,000

Emergency Board Date:
Chapter 890 Section 3(2)(I)

Bond Term: 30 Years
Source of repayment: General Fund
Purpose: Design & Construction
Private Use: None
Previous allocation and source of funds: None
Advances required prior to sale: None
Source of advance: N/A
Estimated occupancy date: Jan. 2004

Notes
Report on the History and Current Status of Fee Remissions
Summary of Fee Remission Activity

Budget & Finance Committee
Supplemental Materials

Click below to link to each institution table:
OUS Summary
EOU
OIT
OSU
PSU
SOU
UO
WOU
February 21, 2003
Oregon State Board of Higher Education

Appendix “F”