OREGON STATE BOARD OF HIGHER EDUCATION
AGENDA FOR THE REGULAR MEETING OF THE BOARD
COLUMBIA ROOM, WERNER UNIVERSITY CENTER
WESTERN OREGON UNIVERSITY
APRIL 18, 2003
10 A.M. – 12 NOON

1. Call To Order/Roll Call

2. Approval Of Minutes
   • February 21, 2003, Board Meeting Minutes
   • February 28, 2003, Special Board Meeting Minutes
   • March 21, 2003, Special Board Meeting Minutes
   • April 3, 2003, Special 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)

   Consent Items

   a. PSU, M.S., Statistics
      Portland State University seeks Board approval to offer a program leading to the M.S. in Statistics. The program will prepare statisticians who could perform at many levels, from the theoretical to the applied. (See Supplementary Material – Appendix “B”)

   b. PSU, Graduate Certificate, Geographic Information Systems
      Portland State University seeks Board approval of a proposed graduate certificate in Geographic Information Systems. This 20-credit program is important in scientific research, planning, and engineering fields. (See Supplementary Material – Appendix “C”)

   c. UO, B.A./B.S., Multimedia Design
      The University of Oregon seeks Board approval to offer the B.A. and B.S. degrees in Multimedia Design. UO already offers a B.F.A. in this major; the proposed degree options provide a four-year alternative to students. (See Supplementary Material – Appendix “D”)
Southern Oregon University seeks Board authorization to offer an undergraduate certificate in Interactive Marketing and e-Commerce. This 32-credit program varies from traditional marketing curriculum in that it teaches how to target an individual consumer’s needs and wants. (See Supplementary Material – Appendix “E”)

Pursuant to ORS 526.225, Oregon State University nominates Linda Goodman and Roy Woo to the Forest Research Laboratory Advisory Committee and requests the Board make the recommended appointments.

Staff recommends Board approval of the 2003-04 and 2004-05 tuition plans proposed by the institution presidents. (See Supplementary Material – Appendix “G”)

Staff recommends that priority #55 be eliminated and the full funding of the program be reflected in priority #14 at $830,000. The System is directed to identify $410,000 to replace the reductions. (See Supplementary Material – Appendix “H”)

Staff requests Board acceptance of quarterly management reports dated December 31, 2002, that monitor the financial activity of the OUS current unrestricted and auxiliary enterprise funds.

A special Board meeting was convened April 3, 2003, via teleconferencing for the purpose of selecting an Interim President of EOU. Staff recommends that the Board confirm the vote of Dr. Dixie Lund as Interim President of EOU.

At the February 21, 2003, meeting, the Board directed the Chancellor’s Office staff to conduct a review of the current audit reporting structure. Three items were considered as a part of this review and the resulting recommendations are presented for Board consideration.
c. **Student Shared Governance**

For the past several months, there have been ongoing discussions among the State Board of Higher Education, the Chancellor, institution presidents, and leaders of the Oregon Student Association regarding student shared governance. The proposed policy is to formalize the concept, philosophy, and practice of shared governance.

d. **Ratification of Partial Sale of the Metro Center (OIT)**

At the July 20, 2001, meeting the Budget and Finance Committee approved a consent item to authorize the Vice Chancellor for Finance and Administration to execute the final Purchase and Sale Agreement, and the Tenancy in Common Agreement between the Oregon Institute of Technology and Clackamas Community. However, this item was never approved by the full Board. Staff recommend approval of the partial sale as approved by the Budget and Finance Committee.

9. **Other Reports**

- Joint Boards Working Group
- OHSU
- Oregon College Savings Plan
- Oregon Council on Knowledge and Economic Development
- OSU Presidential Search Committee
- EOU Presidential Search Committee
- Legislative Report

10. **Public Input**

11. **Items From Board Members**

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

13. **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. This agenda may be amended at any time prior to 24 hours before the Board meeting. Estimated starting times for the agenda items are indicated; however, discussions may commence, or action may be taken, before or after the suggested times. Any item on the agenda may be considered at any time out of order at the discretion of the President of the Board. During the meeting, the Board may convene in Executive Session to receive legal advice regarding any item on the agenda or for any reasons permitted under Oregon law.
1. **Call To Order/Roll Call**

2. **Approval Of Minutes**  
   - February 20, 2003, System Strategic Planning Committee Meeting Minutes

3. **Consent Items**
   a. **PSU, M.S., Statistics**
      Portland State University seeks Board approval to offer a program leading to the M.S. in Statistics. The program will prepare statisticians who could perform at many levels, from the theoretical to the applied. *(See Supplementary Material – Appendix “B”)*

   b. **PSU, Graduate Certificate, Geographic Information Systems**
      Portland State University seeks Board approval of a proposed graduate certificate in Geographic Information Systems. This 20-credit program is important in scientific research, planning, and engineering fields. *(See Supplementary Material – Appendix “C”)*

   c. **UO, B.A./B.S., Multimedia Design**
      The University of Oregon seeks Board approval to offer the B.A. and B.S. degrees in Multimedia Design. UO already offers a B.F.A. in this major; the proposed degree options provide a four-year alternative to students. *(See Supplementary Material – Appendix “D”)*

   d. **SOU, Undergraduate Certificate, Interactive Marketing & e-Commerce**
      Southern Oregon University seeks Board authorization to offer an undergraduate certificate in Interactive Marketing and e-Commerce. This 32-credit program varies from traditional marketing curriculum in that it teaches how to target an individual consumer’s needs and wants. *(See Supplementary Material – Appendix “E”)*

   e. **Nominations to the Forest Research Laboratory Advisory Committee, OSU**
      Pursuant to ORS 526.225, Oregon State University nominates Linda Goodman and Roy Woo to the Forest Research Laboratory Advisory Committee and requests the Board make the recommended appointments.
4. **Report Item**  
   a. **OUS Diversity Report 2003**  

   **Student, Faculty, and Staff Racial/Ethnic Diversity: A Retrospective of Five- and Ten-Year Progress**  
   The report provides information regarding the progress made since 1992 in enhanced student, faculty, and staff racial/ethnic diversity. University efforts toward enhanced representation, inclusion, and engagement are included. (See Supplementary Material – Appendix “F”)

5. **Discussion Item**  
   a. **Board Position on Quality, Access, and Affordability**  

   Discussion of the three major elements of current Board strategic planning--quality, access, and affordability--with the goal of framing a Board policy position.

6. **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. This agenda may be amended at any time prior to 24 hours before the Board meeting. Estimated starting times for the agenda items are indicated; however, discussions may commence, or action may be taken, before or after the suggested times. Any item on the agenda may be considered at any time out of order at the discretion of the President of the Board. During the meeting, the Board may convene in Executive Session to receive legal advice regarding any item on the agenda or for any reasons permitted under Oregon law.*
PSU, M.S., Statistics

Portland State University proposes a program leading to the M.S. degree in Statistics, effective immediately. Currently, PSU offers statistics as an option in the Mathematical Sciences master’s program; that option will be terminated upon approval of this program.

Virtually all coursework needed for the proposed program is in place. Some courses are shared with Oregon Health and Science University. Faculty from both institutions co-teach in this program and students from the two institutions utilize coursework on both campuses. Students in the proposed program would complete 45 credits, at least 30 of which would be in statistics. In addition, they would be required to pass two examinations: one in mathematical statistics and one in applied statistics. Three credits of statistical consulting are required, as well. The consulting courses include a community service component that gives students the opportunity to be involved in community projects in the Portland metro area.

The only other OUS institution offering graduate degrees in statistics is Oregon State University (M.A., M.S., Ph.D.). During review and discussion of this program by the Academic Council, members observed that the demand for such programs seems almost insatiable, and program duplication is not an issue.

With the enormous amount of data generated in this information-based society, people skilled in statistics are a valuable and necessary resource. PSU’s mathematics department routinely receives requests for students with statistical skills at the graduate level. Most commonly, these requests center on risk analysis work, actuarial employment, or more general data analysis employment. At the national level, 750 job advertisements for statisticians were listed with Amstat Online in 2001, many with multiple openings. Best estimates are that the demand for statisticians is approximately twice the supply.

The work of statisticians ranges from the theoretical to the applied. Graduates of this program may find employment across the breadth of industry and government, doing such things as analyzing consumer prices, clinical trials, and agricultural techniques; predicting consumer behavior; ensuring viability of retirement accounts; and training teachers.

PSU anticipates serving approximately 30 to 40 students annually, with eight graduates per year. A baccalaureate degree in mathematics is not required for entry into the program. However, a number of math prerequisites must be met (i.e., Calculus, Advanced Calculus, Differential Equations, Linear Algebra, Abstract Algebra) prior to admission. Students may be admitted conditionally if not all of the prerequisite courses have been completed.

Eight faculty will participate in offering the program. PSU anticipates adding one assistant professor in applied statistics in the third year of the program, to be supported
from reallocated institutional resources. This will allow the department to offer the proposed additional courses and meet the expected enrollment demands of the program in the near future. Currently, 30 percent to 40 percent of student credit hours in the department are generated under the Stat prefix. Existing math faculty support the statistics program as instructors of introductory sequences. However, trained statisticians are needed to teach more advanced applied courses in the program. Beyond the additional faculty member, no other resources are required to offer the program.

Drs. Xuming He, University of Illinois, and Jessica Utts, University of California, Davis, formed the external review team. Both are professors of statistics at their respective institutions. Overall, they were supportive of the program and viewed the close collaboration with OHSU as very positive. The team thought that the breadth of faculty expertise and interests exceeded that of many statistics programs and indicated that this program will benefit the institution, the region, and the state. They recommended that the coursework should reflect guaranteed skill development in statistical software; the program has been revised accordingly.

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

*Staff Recommendation to the System Strategic Planning Committee*

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

*(Board action required)*
PSU, Graduate Certificate, Geographic Information Systems

Portland State University proposes to offer the graduate certificate in Geographic Information Systems (GIS), effective summer 2003. This program would provide introductory and in-depth study of the design and application of GIS technology. Although administered by the PSU Department of Geography, courses would also be drawn from urban studies and planning and geology, thus reflecting the multidisciplinary nature of GIS.

GIS is an important methodology for scientific research, planning, and engineering. The goals of the program are to (1) provide a solid grounding in the science of geo-spatial data representation and spatial analysis, (2) provide opportunities to work with advanced specializations in GIS at an extended level, and (3) include GIS projects embedded in the courses and utilizing a range of technical and analytical skills required of GIS practitioners. Students would be required to complete 20 graduate credits in such courses as GIS applications, GIS for the natural sciences, field GIS, satellite digital image analysis, and maps and models. Students would also be required to meet the prerequisites for some of these graduate-level courses.

Many occupations, both public and private, require evidence of professional development for working with geographic information systems. Environmental management, planning, engineering, and business professions all employ people with GIS expertise. PSU anticipates student enrollment of no more than 40 students at a time.

No new courses or faculty are required for this program. Support for this certificate program will be provided by the Colleges of Liberal Arts and Sciences and Urban and Public Affairs, as well as PSU’s Office of Information Technologies and Graduate Studies and Research.

Although other OUS institutions offer coursework in GIS, none of them offers a graduate certificate program in GIS. All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

Staff Recommendation to the System Strategic Planning Committee
Staff recommends that the Board authorize Portland State University to establish a program leading to the graduate certificate in Geographic Information Systems. The program would be effective summer 2003. The OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

(Board action required)
UO, B.A./B.S., Multimedia Design

The University of Oregon proposes to offer a program leading to the B.A./B.S. degree in Multimedia Design, effective fall 2003. This program builds on the success of UO’s B.F.A. in Multimedia Design.

The proposed B.A./B.S. is a straightforward liberal arts degree with a major focus in multimedia design, whereas the current B.F.A. program requires an additional 46 upper-division studio credits. The intensity of the B.F.A.’s mandatory fifth year is not appropriate for all students. Therefore, in an effort to address student demand in this area, the proposed B.A. and B.S. degree options were developed.

Other related programs in the state include a baccalaureate degree program in Computer Science/Multimedia at Eastern Oregon University, multimedia associate degrees at Lane and Portland Community Colleges, a certificate program at Portland State University, and a multimedia minor at Oregon State University. The UO program differs from EOU’s program in its strong art emphasis rather than computer science.

Students in the proposed program will complete 180 credits in the use, invention, and production of all forms of multimedia creative works and Internet-based communications. The curriculum, which is based on the history and practice of visual arts and communications, will include issues of concept, theory, and authoring. Students will share with art majors a foundation of Basic Design, Drawing, and Art History. This connection to the history and practice of visual communication is a primary strength of the program. One art history course will be exchanged with an historical survey entitled Multimedia Survey that places digital media in a specific cultural and historical context. Students will also develop original multimedia work in hands-on labs, studios, seminars, and internships.

Student demand for the B.F.A. in multimedia design has been significant; only 40 percent of applicants are accepted. Adding the four-year degree option will not increase the total number of students in the program (currently, 160 to 200 students). Rather, the same number of students majoring in multimedia design will now have the choice of either a four-year or five-year program (approximately 80 percent in the B.A./B.S. and 20 percent in the B.F.A.).

Graduates of this program will be qualified for work in professional digital media design and production, as well as work in other culture industries. They will also be prepared to work independently creating art. Graduates may elect to continue toward the B.F.A., attend graduate school in another field, or immediately enter the workforce.

No new faculty, library, studio, equipment, or other resources are required for this program.

All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.
Staff Recommendation to the System Strategic Planning Committee
Staff recommends that the Board authorize the University of Oregon to establish a program leading to the B.A./B.S. in Multimedia Design. The program would be effective fall 2003. The OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

(Board action required)
SOU, Undergraduate Certificate, Interactive Marketing and e-Commerce

Southern Oregon University proposes to offer an undergraduate certificate in Interactive Marketing and e-Commerce, effective immediately. Students in this program will complete 32 credits – 24 credits of core coursework (direct marketing, Internet marketing and e-commerce, programming II, web authoring, introduction to multimedia, and a course on databases) and 8 elective credits in an approved, related area.

Traditionally, marketing curriculum focuses on mass marketing or segment marketing. It is now practical for companies to reach large numbers of consumers and businesses with marketing that targets individual needs and wants, potentially reducing the amount of unappreciated marketing messages. American consumer spending on products ordered directly online, or influenced by online Internet marketing, reached $36.6 billion in 1999 and was estimated to exceed $1.2 trillion, worldwide, in 2002.

The southern Oregon region is no exception to this significant shift. Interactive marketing and e-commerce is a foundation of many area businesses, from home office to large companies. Bear Creek Corporation, one of the world’s largest direct marketers, is headquartered in Medford. Bear Creek and other regional businesses that conduct e-commerce and other interactive direct marketing experience a chronic shortage of skilled marketing and information technology professionals. This proposed certificate program would help meet that need.

The program is designed for SOU’s business majors, but would also be useful for working professionals who want to update their skills. Graduates of the certificate program would be prepared with the technical skills to work closely with information and web technology groups in business, government, or educational settings. SOU anticipates five graduates per year, doubling to ten or more by the fifth year of operation.

There is no similar program offered by OUS institutions. SOU has sufficient faculty, staff, and facilities to offer this program. All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

Staff Recommendation to the System Strategic Planning Committee
Staff recommends that the Board authorize Southern Oregon University to establish a program leading to the undergraduate certificate in Interactive Marketing and e-Commerce. The program would be effective immediately. The OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

(Board action required)
Nomination to the Forest Research Laboratory Advisory Committee, OSU

Summary
Pursuant to ORS 526.225, Oregon State University nominates Linda Goodman and Roy Woo to the Forest Research Laboratory Advisory Committee and requests the Board make the recommended appointments.

Background
ORS 526.225 specifies that the Board of Higher Education shall appoint a Forest Research Laboratory Advisory Committee composed of 15 members, nine of whom are to be individuals engaged, actively and principally, in timber management of forest lands, harvesting, or processing of forest products; three individuals who are the heads of state and federal public forestry agencies; and three individuals from the public-at-large. Although the statute does not prescribe the terms of the Committee members, the practice has been to make appointments for a period of three years. Traditionally, those who are performing actively and effectively have been recommended for reappointment to a second three-year term, with all members replaced at the conclusion of a second term.

Recommendation by Forest Research Laboratory Director
Dr. Hal Salwasser, director of the Forest Research Laboratory, with the concurrence of President Tim White, has made the following recommendations:

- Appointment of Linda Goodman, newly appointed Regional Forester for the Pacific Northwest Region to fill the vacant position as head of a public forestry agency. The position was previously held by Harv Forsgren, who has transferred to Albuquerque, New Mexico. Ms. Goodman began her career with the Forest Service on the Olympic National Forest in Washington State in 1974. During her career, she has worked in a wide variety of administrative and managerial roles at every level of the organization. She has worked in five different National Forests in the Pacific Northwest Region. From October 2001 to June 2002, Ms. Goodman served as Acting Chief of Staff for the Forest Service in Washington, DC. She provided advice and counsel on all aspects of the management of the Forest Service and represented the Chief of the Forest Service in meetings with the Department of Agriculture, other federal, state, and local agencies, as well as with external partners. Ms. Goodman graduated from Linfield College in McMinnville, Oregon with a Bachelor of Science degree in Management. She continued her education in Forestry at Oregon State University.

- Appointment of Roy Woo, who has been named the Acting State Forester until a permanent State Forester has been chosen. The previous State Forester, James Brown, has resigned to accept a position in the Governor’s Office as the Natural Resources Policy Director. The State Forester position on the Advisory Committee is a statutory requirement. Mr. Woo has served as Deputy State Forester of the Oregon Department of Forestry since June 1, 2000. In his 30
years with the agency, he has held several positions including: Northwest Oregon Area Director, Klamath Falls District Forester, Assistant Personnel Director in Salem, and forester positions in Coos Bay, Dallas, Tillamook, and Prineville. Mr. Woo graduated in 1972 from Washington State University with a degree in forest management.

**Staff Recommendation to the System Strategic Planning Committee**

Staff recommends that the Board approve the above appointments to the Forest Research Laboratory Advisory Committee.

*(Board action required.)*
OUS Diversity Report 2003

Student, Faculty, and Staff Racial/Ethnic Diversity: A Retrospective of Five- and Ten-Year Progress

Summary
During the past several years, the Oregon University System (OUS) – in keeping with our mission to serve the public – has moved toward an enhanced understanding and incorporation of diversity into multiple aspects of the universities. These activities are aligned with the modern concept of educational diversity, which includes striving toward enhanced representation, inclusion, and engagement of diverse people and considerations throughout institutional endeavors. Diverse educational environments promote opportunities for robust exchanges of ideas, communication of varied perspectives, and the production of well-versed and culturally sensitive graduates. Within OUS, considerations of diversity are found within the traditional aspects of university contributions, including teaching, learning, research, and community service. The 2003 OUS Diversity Report provides a retrospective of progress made within the period from 1992 through 2002 in relation to various aspects of diversity enhancement.

Incorporation of Diversity Considerations into University Environments
The report includes brief descriptions of the initiatives taken within OUS institutions to enhance representation, inclusion, and engagement.

Representation
Each OUS institution has enhanced the representation of diverse populations within the campus environment. Within the OUS vision of diversity, initiatives relating to representation seek to provide opportunity, enhance campus environments, and fulfill the mission of public higher education institutions as dynamic establishments that support surrounding communities and guide the production and attainment of knowledge that moves society forward. Campus initiatives seek to include diverse populations within outreach efforts to students in the K-12 pipeline in order to enhance awareness of, and preparation for, higher education. Admission offices actively seek to provide information and recruit students of diverse backgrounds. OUS institutions engage in efforts to educate university search committees regarding outreach to diverse faculty/staff employment candidates.

Inclusion and Engagement
With representation (i.e., quantity) being but one factor in comprehensive efforts to provide enhanced campus diversity, each OUS institution provides opportunities to facilitate the incorporation of considerations of diversity into the fabric of the campus community. Within the OUS vision of diversity, activities that promote inclusion and engagement (i.e., quality of experience) seek to create environments that are progressive and responsive, provide benefits for all OUS populations, and that celebrate the achievements and contributions of all participants. Examples of these initiatives include campus-wide diversity councils; the enhanced participation of faculty, staff, and students of color throughout the institutions; attention to the incorporation of diversity
considerations into the curriculum; events that encourage awareness and celebration of the contributions of diverse individuals and communities; and the sponsorship of institutionally- and student-sponsored events that enhance the learning environment.

**Progress Toward the Enhanced Representation of Diverse Student, Faculty, and Staff Populations**
OUS continues to make strides in the representation of diverse student, faculty, and staff populations. Given the relatively small total OUS populations of people of color, this report includes both absolute (numerical) representation (through which gains in representation can be seen clearly) and percentage representation and change, which provide a perspective on proportions and growth for U.S. citizens within total OUS populations. Comprehensive data within the ten-year period are included whenever possible; however, there are a few instances for which consistent data are available for only the five-year period (1997 to 2002).

**Transition Period**
New for 2003, the report includes an overview of changing considerations of race/ethnicity within the U.S.; the impact of these changes on population reporting and educational statistics; and the incorporation of student enrollment data (currently the first category within OUS for which these data are available) that include those students who report more than one race. As additional modifications to race/ethnicity data collection and reporting are made within OUS and educational institutions nationally, more comprehensive compilations for all categories of student, faculty, and staff data will be available in the future.

**Selected Data Highlights**

**Student Enrollment**
- The total enrollment of African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino students increased from 6,813 (10.7%) in fall 1992 to 10,068 (12.9%) in fall 2002.

- The total enrollment of students reporting more than one race increased from 212 (0.3%) in fall 1997 to 678 (0.9%) in fall 2002 (these data are unavailable for fall 1992).

**Degrees Awarded**
From 1991-92 through 2001-02, a total of 113,814 degrees were earned by OUS students at all levels. During this period, 11,653 degrees were earned by African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino students, representing 10.2% of all degrees.

**Faculty/Staff Representation**
The representation of African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino faculty/staff increased from 850 (8%) in 1997-98 to 1,032 (8.3%) in 2002-03. (Comparable System data are unavailable for 1992-93.)
Full-Time, Ranked, Instructional Faculty
The representation of African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino full-time, ranked, instructional faculty more than doubled in the ten-year period from 1992 to 2002. Representation of this group increased from 126 (5.2%) in 1992-93 to 264 (10.4%) in 2002-03.

(No Board action required.)
AGENDA

1. Call To Order/Roll Call

2. Approval Of Minutes
   • February 21, 2003, Budget and Finance Committee Meeting Minutes

3. Action Items
      Staff recommends Board approval of the 2003-04 and 2004-05 tuition plans proposed by the institution presidents. (See Supplementary Material – Appendix “G”)
   b. Revision of Board 2003-05 Funding Priorities for Fee Remissions Transitions
      Staff recommends that priority #55 be eliminated and the full funding of the program be reflected in priority #14 at $830,000. The System is directed to identify $410,000 to replace the reductions.

4. Consent Item
   a. Managerial Reporting – Quarterly Management Reports
      Staff requests Board acceptance of quarterly management reports dated December 31, 2002, that monitor the financial activity of the OUS current unrestricted and auxiliary enterprise funds. (See Supplementary Material – Appendix “H”)

5. 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. This agenda may be amended at any time prior to 24 hours before the Board meeting. Estimated starting times for the agenda items are indicated; however, discussions may commence, or action may be taken, before or after the suggested times. Any item on the agenda may be considered at any time out of order at the discretion of the President of the Board. During the meeting, the Board may convene in Executive Session to receive legal advice regarding any item on the agenda or for any reasons permitted under Oregon law.
Institutional Tuition Proposals for 2003-04 and 2004-05

At the March 21, 2003, Special Meeting, the Board approved five recommendations concerning funding priorities, tuition, and enrollment planning for the 2003-2005 biennium. These recommendations included directives to the staff to return in April with tuition plans for each institution for 2003-04 and 2004-05. The proposals incorporate the mid-year tuition surcharges initiated in the 2002-03 academic year.

In developing the proposal for each tuition rate, campuses have had to evaluate their financial conditions in light of several considerations including: 2001-2003 reductions; funding the 4 percent “rainy day” fund directed by the Governor; continued enrollment growth; potential impact on each student category of tuition differentials; ability to support fee remissions; and the uncertain economics of the 2003-2005 biennium.

Tuition increases for 2003-04 are measured against the annualized 2002-03 Spring term tuition with the tuition surcharges. The 2003-04 tuition plans for the various student categories vary widely by institution. Resident undergraduate rate increases range from 0 percent to 8 percent; non-resident undergraduate rate increases range from 0 percent to 16 percent; resident graduate rate increases range from 3 percent to 16 percent; and non-resident graduate rate increases range from 0 percent to 30 percent. The rates of increase for 2004-05 range between 3.5 percent and 12 percent and are more uniformly applied by institutions to all student categories.

Additionally, institutions are considering alternative ranges to the tuition plateau. Historically, undergraduate students have paid the same tuition for 12-18 credit hours and graduates for 9-16 credit hours. With the UO being approved to compress the plateau in 2002-03, other institutions are considering similar changes.

The Chancellor will be permitted to authorize minor adjustments to this plan as deemed necessary and report these adjustments to the Board at the earliest opportunity.

Summary
The staff recommends approval of the 2003-04 and 2004-05 tuition plans proposed by the institution presidents. At the March 21, 2003, meeting, the Board directed the staff to return in April with a formal tuition plan for the ensuing biennium. More complete details and proposed fee and policy changes will be brought to the Board in July for adoption of the 2003-04 Academic Year Fee Book as a permanent Administrative Rule.

Background
At the March 21, 2003, Special Meeting, the Board approved five recommendations concerning funding priorities, tuition, and enrollment planning for the 2003-2005 biennium.

Recommendation #2 of that proposal ratified, as permanent tuition rates, the temporary tuition surcharges previously approved in December 2002 and January 2003. That recommendation calls for the staff to prepare the necessary Oregon Administrative Rule
changes to reflect this tuition rate. The permanent rule change will be done in July 2003 when the Board is presented with the 2003-04 Academic Year Fee Book for its adoption.

Recommendation #3 directed the Chancellor to prepare a formal tuition and enrollment plan to be considered for approval by the Board. The tuition plan, as recommended by the institution presidents, is presented herein. The status of enrollment planning will be reviewed at the Board meeting.

Information
The Board has expressed a goal of limiting tuition increases at predictable minimal levels to maintain access for Oregonians and allow students to better plan and manage costs. The institutions were encouraged to assure that financial aid, through fee remissions, continue to be set aside to fund financial aid for low-income students. Additionally, the commitment to 2004-05 tuition plans will further provide a measure of predictability for students and their families over the 2003-2005 biennium.

In developing the proposal for each tuition rate, campuses have had to evaluate their financial conditions in light of several considerations:
- General Fund reductions incurred in 2001-2003, which reduced the state support for operating expenses by over 10 percent;
- The four percent General Fund reductions in 2003-2005 off the Governor's Recommended budget to fund a “rainy day” fund as directed by the Governor;
- Enrollment projections that indicate continued growth in demand;
- Potential impact on each student category from tuition increase differentials;
- Ability to support financial aid through fee remissions to maintain access for financially needy students; and
- The uncertainty of estimating the tuition income needs in 2004-05 in uncertain economic times.

The results are the proposed tuition plans, presented in this report, by the institutions, including a statement of intent for continuing fee remission programs for financial aid. These plans are consistent with the Board’s ratification of incorporating the 2002-03 mid-year tuition surcharges into the tuition base of each institution. It should be noted that the tuition rates in the current proposal do not address any impact that might occur should the Governor’s Recommended Budget be reduced by more than the four percent for the “rainy day” fund.

Institution Tuition Plans
The tuition plans for each institution for 2003-04 and 2004-05 are summarized below. Following action of the Board in March to make permanent the tuition surcharges of 2002-03, the increases for 2003-04 are measured against the Spring 2003 tuition levels, with tuition surcharges, annualized to three terms. The rates are only for tuition and not other mandatory enrollment fees.
Institutions are also considering alternatives to the tuition plateau. Historically, undergraduate students have paid the same tuition for 12-18 credit hours and graduates for 9-16 credit hours. The UO was approved to compress the plateau in 2002-03. Institutions are considering further changes for 2003-04. Details of these changes will be brought to the Board in July with the Academic Year Fee Book.

**Eastern Oregon University**

EOU tuition rates for 2003-04 will increase as follows: resident undergraduates – 3.2 percent to $3,102; non-resident undergraduates – 3.2 percent to $3,102; resident graduates – 15.6 percent to $8,046; nonresident graduates – 30.4 percent to $15,429.

EOU tuition rates for 2004-05 will increase as follows: resident undergraduates – 10.0 percent to $3,411; non-resident undergraduates – 10.0 percent to $3,411; resident graduates – 10.0 percent to $8,850; nonresident graduates – 10.0 percent to $16,971.

EOU has increased its long term, ongoing fee remissions programs to maintain parity with historical fee remission rates.

**Oregon Institute of Technology**

OIT tuition rates for 2003-04 will increase as follows: resident undergraduates – 3.3 percent to $3,333; non-resident undergraduates – 15.7 percent to $14,406; resident graduates – 3.3 percent to $5,955; nonresident graduates – 15.7 percent to $12,216.

OIT tuition rates for 2004-05 will increase as follows: resident undergraduates – 9.0 percent to $3,633; non-resident undergraduates – 9.0 percent to $15,702; resident graduates – 9.0 percent to $6,492; nonresident graduates – 9.0 percent to $13,314.

OIT will maintain its fee remission efforts at its historic level of 17 percent of tuition revenues.

**Oregon State University**

OSU tuition rates for 2003-04 will increase as follows: resident undergraduates – 4.0 percent to $3,492; non-resident undergraduates – 14.1 percent to $16,248; resident graduates – 13.1 percent to $8,139; nonresident graduates – 13.6 percent to $14,376.

OSU tuition rates for 2004-05 will increase as follows: resident undergraduates – 5.0 percent to $3,666; non-resident undergraduates – 5.0 percent to $17,061; resident graduates – 5.0 percent to $8,547; nonresident graduates – 5.0 percent to $15,096.

OSU will maintain its fee remission efforts at its historic level of 11 percent of tuition revenues.

**Portland State University**

PSU tuition rates for 2003-04 will increase as follows: resident undergraduates – 0.0 percent remaining at $3,240; non-resident undergraduates – 2.0 percent to $12,888;
resident graduates – 5.7 percent to $6,966; nonresident graduates – 8.4 percent to $12,582.

PSU tuition rates for 2004-05 will increase as follows: resident undergraduates – 8.0 percent to $3,498; non-resident undergraduates – 4.0 percent to $13,404; resident graduates – 8.0 percent to $7,524; nonresident graduates – 8.0 percent to $13,590.

PSU will support fee remission efforts, including Graduate Assistantships, at 13 percent of tuition revenues. However, this level does not provide aid to all of the neediest students.

Southern Oregon University
SOU tuition rates for 2003-04 will increase as follows: resident undergraduates – 3.4 percent to $3,138; non-resident undergraduates – 8.3 percent to $11,811; resident graduates – 9.3 percent to $6,312; nonresident graduates – 7.3 percent to $11,559.

SOU tuition rates for 2004-05 will increase as follows: resident undergraduates – 12.0 percent to $3,516; non-resident undergraduates – 8.0 percent to $12,756; resident graduates – 12.0 percent to $7,068; nonresident graduates – 8.0 percent to $12,483.

SOU will increase the level of fee remissions in both 2003-04 and 2004-05. New scholarship programs are being created from private funds.

University of Oregon
UO tuition rates for 2003-04 will increase as follows: resident undergraduates – 2.0 percent to $3,540; non-resident undergraduates – 0.0 percent to $13,686; resident graduates – 8.7 percent to $7,224; nonresident graduates – 0.0 percent to $11,796. The undergraduate tuition cost can be reduced with a 15 percent discount per credit hour for time-of-day discounts on selected courses.

UO tuition rates for 2004-05 will increase as follows: resident undergraduates – 12.0 percent to $3,966; non-resident undergraduates – 3.5 percent to $14,166; resident graduates – 12.0 percent to $8,091; nonresident graduates – 3.5 percent to $12,210. The undergraduate tuition cost can be reduced with a 15 percent discount per credit hour for time-of-day discounts on selected courses.

UO will maintain its level of fee remissions, but will likely shift some allocation from merit-based awards to the need-based pool.

Western Oregon University
WOU tuition rates for 2003-04 will increase as follows: resident undergraduates – 8.0 percent to $3,240; non-resident undergraduates – 4.1 percent to $11,505; resident graduates – 13.8 percent to $6,549; nonresident graduates – 10.8 percent to $11,793.
WOU tuition rates for 2004-05 will increase as follows: resident undergraduates – 6.0 percent to $3,435; non-resident undergraduates – 3.5 percent to $11,907; resident graduates – 6.0 percent to $6,942; nonresident graduates – 3.5 percent to $12,207.

WOU will set aside 7.0 percent of the tuition increase for additional fee remissions.

As the Legislative Session continues and further information becomes known, it may be necessary to make minor adjustments to these plans. In such an event the Chancellor would authorize such changes and report to the Board at the next earliest opportunity.

Staff Recommendation to the Budget and Finance Committee
Staff recommends that the Board Budget and Finance Committee approve the tuition plans for 2003-04 and 2004-05 academic years outlined in this report, direct the staff to incorporate these plans into the Academic Year Fee Book 2003-04 (OAR 580-040-0040) to be presented to the Board for consideration in July 2003; authorize the Chancellor to make minor adjustments to this plan in its final development; and recommend approval by the Board.

(Board action required. Roll call vote.)
Revision of 2003-2005 Board Priorities for Fee Remissions Transition

At the March 21, 2003, meeting, the Board approved a list of 55 funding priorities for presentation to the legislature. Priorities 14 and 55 (both Fee Remission Transition), support funding to universities that, when the RAM was developed, couldn’t fund a proportional share of fee remissions through tuition. The program, with projected expenditures of $830,000 for the 2003-2005 biennium, was to be phased out by 2005-2007. As a consequence the decision was made to reduce the funding in 2003-2005 by 50 percent or $410,000.

During the legislative hearings it was suggested that the reduction of fee remissions during a period of tuition and fee rate escalation was counterproductive. Further, the potential for negative impacts on the most needy was seen as a distinct possibility.

It became clear that the Oregon University System position should be reconsidered. The original concept that universities gradually substitute tuition funds for the General Fund support, which was sound in 1999 and even in 2001, does not fit with the diminished General Fund of 2002-03. Chancellor Jarvis assured the committee he would relate their concerns to the Board and seek a revision.

*Staff Recommendation to the Budget and Finance Committee*

It is recommended that priority 55 be eliminated and the full funding of the program be reflected in priority 14 at $830,000. The System is directed to identify $410,000 to replace the reductions.

(Board action required.)
Managerial Reporting – Quarterly Management Reports

Background
One of the recommendations coming out of the fiscal accountability framework project was that mechanisms be established to provide assurance to the Board that the financial activity of OUS universities is being monitored on an ongoing basis. It is understood that each university is responsible for monitoring its financial activity. An objective of the fiscal accountability framework was to ensure that sufficient controls and documentation are in place to provide the Board with assurance that ongoing monitoring is indeed taking place.

Monitoring OUS financial activity is a significant challenge given its annual revenues exceed $1.5 billion and its accounting records comprise over 31,000 funds in 28 major fund groups. The management reporting workgroup of the fiscal accountability framework reviewed various external resources to identify managerial reporting needs. One key resource included a publication entitled Financial Responsibilities of Governing Boards of Colleges and Universities (Second Edition), which was produced jointly by the Association of Governing Boards of Universities and Colleges (AGB) and the National Association of College and university Business Officers (NACUBO). Other resources included sample reports from a number of major institutions and systems of higher education, as well as certain reports already produced within OUS, both by the Chancellor’s Office and University personnel. The workgroup identified 15 management reporting needs, in varying degrees of detail, that would be prepared by each university, reviewed by the Chancellor’s Office, and summarized for the Board. The 15 management reporting needs are listed in Appendix A.

A subsequent work team developed reporting formats to satisfy five of the 15 management reporting needs. The reporting formats resulted in three reports:

- Comparison of projected end-of-year amounts to initial and operational budgets
- Comparison of year-to-date financial activity to prior year
- Tracking of monthly cash balances

The intent was to report the operating activity of the seven OUS universities and the Chancellor’s Office into a series of summarized and useful reports.

The reports noted above and presented herein focus on unrestricted funds and auxiliary enterprise funds. Reports addressing the other funds of OUS will be incorporated in future phases of the managerial reporting project.

The above reports are intended to be prepared quarterly. It was determined that first quarter reports would not be presented because of the timing of the Board approval of the annual operating budget, and because the first quarter occurs before the beginning of fall term and; therefore; may not be useable for making reasonable year-end
projections. Therefore, it was determined that reports would be prepared and presented to the Board for three quarters each year:

<table>
<thead>
<tr>
<th>Quarter Ending</th>
<th>Presented to Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>December</td>
<td>March</td>
</tr>
<tr>
<td>March</td>
<td>June</td>
</tr>
<tr>
<td>June</td>
<td>September</td>
</tr>
</tbody>
</table>

**Analysis**

The attached management reports of *unrestricted funds and auxiliary enterprises* are designed to provide information of the financial activity of the current fiscal year, to identify potential problems, and to provide consistent documentation that ongoing monitoring is taking place. The three reports contain data from the accounting records but also contain end-of-year projections from university management, which are estimates based on the information available at the time the projections are made.

After reviewing the series of unrestricted funds and auxiliary enterprise reports received from each university, we have noted the following:

**Comparison of projected end-of-year amounts to initial and operational budgets:**

1) Operational versus Initial Budget

   The Board approves an *initial budget* in October of each year. The initial budget contains projected revenues, with a general understanding of a balanced budget in which projected expenditures equal projected revenues.

   As additional information becomes available throughout the year, the universities make adjustments to update the initial budget. Examples include expected changes in government appropriations and tuition and fee revenue. Another example would include carrying forward a department's unexpended budget balance from the prior year into the expenditure budget of the current year. **The initial budget and the adjustments become the operational budget.**

2) Government Appropriations

   Government appropriations in the initial budget were $392 million. Current projections for government appropriations are $343 million, which is $49 million or 13 percent less than the initial budget approved by the Board. These reductions are due to the budget reductions made by the Oregon Legislature.

3) Student Tuition and Fees

   The increase in current projections for student tuition and fees is primarily attributable to the tuition surcharge implemented in Winter term. The initial budget projected student tuition and fees of $340 million. The current projection
of $345 million now makes student tuition and fees a larger revenue source than
government appropriations.

4) Education and General Expenditures

Due to the decline in government appropriations, the projected Educational and
General expenditures are $53 million or 7 percent less than the initial budget
approved by the Board.

5) Ending Fund Balance

At this time, the fund balance projected for the end of the year is comparable to
the beginning fund balance.

Comparison of year to date financial activity to prior year:

1) Student Tuition and Fees

Student Tuition and Fees recorded through December 31, 2002, of $235 million
are $45 million higher than recorded for the same period last year. Universities
attributed the increase to the following:

• In the prior fiscal year, a portion of the winter term tuition and fees were not
  recorded until the following month, January.

• Increased enrollment.

• Tuition increases.

2) Education and General Expenditures

Education and General expenditures for the six months ended December 31,
2002, are lower than the Education and General revenues. This is because the
revenues relating to Education and General (e.g., tuition and fees) are generally
received once each quarter and need to be sufficient to cover expenditures that
occur throughout each of the following three months.

Education and general expenses of $355 million for the six months ending
December 31, 2002, are $20 million or 6 percent higher than for the same period
one year ago. The increase is primarily attributable to the increase in student
enrollment.

3) Net Operating Surplus (Deficit)

Although December 31, 2002, and 2001 show a current operating surplus, much
of the surplus will be used up during the months of January, February, and
March, when no additional tuition and fee revenues are received.
Tracking of monthly cash balances:

1) Cash Balances at December 31, 2002

The cash balances are comparable to prior months and to the same periods in prior years. We did note that cash balances of service departments have been showing continual declines. Service departments provide services to other university departments. Revenues of service departments are only recorded when the billings are generated and issued to university departments. University management attributes the cash balance decreases to some service departments not generating billings until the following month. Management will continue to monitor this issue.

Additional reports to support the above analysis are on file and are available upon request.

Conclusions
OUS universities are responsible for monitoring their financial activity. Much of the financial activity is monitored in relation to the projected year-end totals of revenues and expenditures. These projections are estimates.

The Controller’s Division requested the management of each university to verify the amounts in the managerial reports, to update annual projections, and to identify and provide explanations to significant variances. The Controller’s Division reviewed the managerial reports and variance explanations provided by each university for reasonableness, and compiled the managerial reports of each university into a series of consolidated Systemwide reports.

The fiscal status of OUS unrestricted funds and auxiliary enterprise funds at December 31, 2002, is stable. University management has adjusted their budgets and managed revenues and expenditures in response to the state appropriation reductions. University projections indicate year-end results within reasonable operational parameters.

Staff Recommendation to the Budget and Finance Committee
Staff recommends that the Board accept the above management reports for December 31, 2002. Additional reports will be prepared for the quarter ending March 31, 2003, and will be presented to the Board in June 2003.

(Board action required.)
### Appendix A – 15 Management Reporting Needs

The managerial reporting workgroup identified 15 reports, falling into the following categories:

<table>
<thead>
<tr>
<th>Managerial Reporting Need</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Estimates of Revenue and Expense (annual report)</td>
<td>Implemented</td>
</tr>
<tr>
<td>Estimates versus Actual Comparisons</td>
<td>Implemented</td>
</tr>
<tr>
<td>Revised Estimates of Annual Revenue and Expense</td>
<td>Implemented</td>
</tr>
<tr>
<td>Comparison of Actual Revenue and Expense to Prior Year</td>
<td>Implemented</td>
</tr>
<tr>
<td>Capital Projects Summary</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Development (fund-raising)</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Cash</td>
<td>Implemented</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Investments – Endowments Investment Committee</td>
<td>Investment Committee</td>
</tr>
<tr>
<td>Debt Capacity</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Legal</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Grants/research</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Technology (Information Technology)</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Regulations</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Risk Management</td>
<td>To be implemented</td>
</tr>
</tbody>
</table>
ACTION ITEMS

Confirmation of Appointment of Dr. Dixie Lund as Interim President, EOU

Audit Committee Analysis

Ratification of the Partial Sale of the Metro Center (OIT)
Confirmation of Appointment of Dr. Dixie Lund as Interim President, EOU

Background
A special Board meeting was convened on April 3, 2003, via teleconferencing, for the purpose of selecting an Interim President of Eastern Oregon University. Following an executive session, Chancellor Jarvis recommended that Dr. Dixie Lund be named Interim President of EOU. This appointment is to become effective June 1, 2003, and continue until a new president has been appointed. The vote of the Board on this recommendation was unanimous.

Because the meeting was held by teleconferencing, Legal Counsel has suggested that a confirming vote be taken at the Board meeting.

Staff Recommendation to the Board
Staff recommends that the Board confirm the vote of Dr. Dixie Lund as Interim President of EOU, to be effective June 1, 2003, and continue until a new president has been appointed.

(Board action required.)
Audit Committee Analysis

Summary
The Oregon State Board of Higher Education designated the Executive Committee with audit reporting responsibility in September 2002. The full board adopted an audit charter that outlined their audit reporting responsibilities in November 2002. As a result of Board restructuring that took place in January 2003, the Executive Committee discontinued its practice of holding regularly scheduled meetings. Given this change, the Oregon State Board of Higher Education requested that the Chancellor’s Office conduct a review of the current audit reporting structure. There are three items to be considered as part of the review and recommendation: the Oregon University System Internal Audit Division Peer Review Report recommendations, potential independence issues, and administrative implications.

The attached charts outline the results of the peer review comments and current status. In addition, an analysis of the independence and administrative implications raised by Board members were considered as part of the recommendation. The staff members who performed this analysis were the Director of Internal Audit and Director of Legal Services. The staff recommendations are outlined below.

OUS Internal Audit Division and Legal Services Recommendation
1. As acknowledged in the OUS Audit Charter, previously approved by the Board, the ultimate authority for the overview of auditing functions lies with the State Board. Accordingly, it is the Board’s prerogative to designate the situs of the audit oversight responsibility. Taking the Board’s current operating structure into consideration, including the responsibility for substantive evaluation of action items by the two primary standing committees, staff recommends assignment of audit oversight responsibilities to the Executive Committee.

2. Designate a portion of at least two Executive Committee meetings per year for audit purposes. We recommend the Board continue to reserve the authority for more meetings as deemed necessary.
   - The first annual meeting should be held with the internal and external auditors. The estimated time would be two hours. The purpose would be to provide oversight by receiving and accepting the Internal Audit Working Plans and progress. The Board would also receive and accept the external financial and compliance audit results.
   - The second annual meeting should be to discuss Internal Audit progress.

3. Reserve the authority to hold an executive session at each audit meeting (with both the external and internal auditors) to discuss matters protected under ORS 192. ORS 192 permits private sessions to discuss personnel matters and information technology security issues. The estimated time for these sessions would be 15 minutes, but they may be shorter or made longer depending upon the issues.
4. Schedule meetings for Thursday afternoons or early Friday morning when the full Board is scheduled to meet.

5. Require the Director of Internal Audit, in consultation with the Board President and Chancellor, to set the audit meeting agenda.

*Staff Recommendation to the Board*
Staff recommends the Board accept the recommendation of the Internal Audit Division and Legal Services as submitted.

*(Board action required.)*
### Peer Review Finding

<table>
<thead>
<tr>
<th>Establish a Standing Audit Committee- The OUS Internal Audit Division (IAD) previously reported to the Budget and Finance Committee. Audit matters have been postponed, given the number of items this committee has to deal with on a routine basis, limiting information provided to the Board.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Executive Committee assigned audit duties and a Board audit charter was developed. Agenda is set by the Director of Internal Audit and reviewed by the Chancellor. The number of audit presentations to be given to the committee was outlined in the Board charter. The charter was designed to ensure adequate discussion of audit matters. The charter allows for private executive sessions to be held with the auditors in accordance with ORS 192.</td>
</tr>
<tr>
<td>The Executive Committee no longer meets on a regular basis. The past audit meeting was held with the Budget and Finance Committee. The agenda was set by the Vice Chancellor for Finance and Administration who had to juggle many competing demands of the Committee’s agenda.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Enhance Reporting Level of the Division- The Internal Audit Division reports to the Vice Chancellor for Finance and Administration with authority to directly report to the Chancellor and Board if necessary. Redefining and strengthening the organizational placement of the Division to report functionally to the Board and administratively to the Chancellor would cement the autonomy of the Division and could further assist the Board in meeting its fiduciary responsibilities.</th>
</tr>
</thead>
<tbody>
<tr>
<td>The audit charters for the Board and IAD addressed these issues. The Director is to meet regularly with the Chancellor and the Board. Audit work plans and progress are to be reviewed and approved by the Executive Committee. The Director of Internal Audit’s access to the Board was discussed at a prior Board meeting. In the event a serious audit issue arose, the Director would report to the President of the Board.</td>
</tr>
<tr>
<td>The Executive Committee is not functioning as designed in the audit charter.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Leverage Limited Resources- The Internal Audit Division needed to enhance the IAD risk assessment, utilize campus and student resources, provide more fraud training to staff, and retain the audit manager position.</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAD revised the risk model, hired students, makes use of campus-wide meetings, and provides fraud training to staff on an ongoing basis.</td>
</tr>
<tr>
<td>The IAD manager position has not been filled given current budget constraints. However, IAD and HR have identified and are working toward staffing solutions.</td>
</tr>
<tr>
<td>Peer Review Finding</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>Enhance Documentation- Working paper inconsistencies were noted.</td>
</tr>
</tbody>
</table>

Board Discussion Items per February 2003 meeting minutes

<table>
<thead>
<tr>
<th>Are Independence Concerns Addressed?</th>
<th>Executive Committee</th>
<th>Audit Committee</th>
<th>Budget and Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Can this committee hold private executive sessions (as allowed under ORS 192) and set up audit Board contact to allow auditors independent access to the Board?</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Can the Director of IAD set the agenda to ensure independence?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Will the agenda be devoted to audit matters and provide adequate time for discussion?</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Are Administration Concerns Addressed?</th>
<th>Executive Committee</th>
<th>Audit Committee</th>
<th>Budget and Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does this committee already meet, therefore not requiring additional meetings?</td>
<td>No</td>
<td>No</td>
<td>Yes - but may require time limits on discussions if agenda gets full or additional meetings may be required. This was a peer review issue.</td>
</tr>
<tr>
<td>Does this committee structure agree with existing charter?</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Yes-indicates issues addressed  
No-indicates issues not addressed
Ratification of the Partial Sale of the Metro Center (OIT)

At the July 20, 2001, meeting, the following consent item was approved by the Board Committee on Budget and Finance. Due to an oversight, however, the full Board did not ratify the recommendation.

The Oregon Institute of Technology (OIT) has requested Board authorization for the Vice Chancellor for Finance and Administration to execute the final Purchase and Sale Agreement and the Tenancy in Common Agreement between OIT and Clackamas Community College (CCC) to sell a portion of the Metro Center Building (13,628 gross square feet) to CCC for $1,669,320. With the sale, an escrow account will be established; $1,000,000 will be set aside to provide the funds to continue to pay the Article XI-F(1) bond debt service and the remaining funds will be available for other uses. Ms. Swanson reminded the Board that included in the capital construction budget approved in July 2001, a $1,000,000 expenditure limitation was designated for OIT to renovate its CAPITAL Center spaces.

As background, Ms. Swanson stated that the OIT campus at the Metro Center includes space renovated using Article XI-F(1) bonds and is currently leased by CCC. CCC recently passed a bond measure and is requesting they take possession of that portion of the building, while establishing OIT as the tenant. With the sale of this portion, OIT will retain sufficient room at the Metro Center to increase its enrollment in classes at that site for the foreseeable future. After the sale, OIT will still retain 13 classrooms for its use, as well as office and common space. The remaining space will allow for significant enrollment growth and will accommodate planned program expansion at the Metro Center.

With the receipt of the funds from CCC, OIT will use $620,000 of the sale proceeds to pay for additional operating and construction costs to remodel approximately 4,200 sq. ft. at the CAPITAL Center. This additional space will be remodeled into three classroom/laboratories and an administrative and faculty office area. The remaining sale proceeds will be used to establish an escrow account in which $1,049,320 will be placed to decrease that portion of the debt service related to the sale of the property to CCC.

Ms. Swanson restated that staff recommended that the Board authorize the Vice Chancellor for Finance and Administration to execute the final Purchase and Sale Agreement, and the Tenancy in Common Agreement between OIT and CCC, for the sale of a 13,628 gross square feet portion of the OIT Metro Center building to CCC, for $1,669,320, with permission to use the proceeds for repayment of the existing bond debt service and to expand education programs at the CAPITAL Center.

Director Williams moved and Director VanLuvanee seconded the motion. The motion was approved.
Staff Recommendation to the Board
Staff recommends the Board approve the partial sale as approved by the Budget and Finance Committee on July 20, 2001.

(Board approval required.)
Oregon State Board of Higher Education

MINUTES

Regular Board Meeting, February 21, 2003
Special Board Meeting, February 28, 2003
Special Board Meeting, March 21, 2003
Special Board Meeting, April 3, 2003
System Strategic Planning Committee Meeting, February 20, 2003
Budget and Finance Committee Meeting, February 21, 2003

April 17 & 18, 2003
Oregon State Board of Higher Education
1. **CALL TO ORDER/ROLL CALL**
   The meeting of the State Board of Higher Education was called to order at 10:18 a.m. by President Lussier.

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

   Absent: Bill Williams because of a business conflict.

2. **APPROVAL OF MINUTES**
   - January 16, 2003, Board Work Session Minutes
   - January 17, 2003, Board Meeting Minutes

   The Board dispensed with the reading of the January 16, 2003, Board Work Session meeting and January 17, 2003, Regular Board meeting minutes. Director VanLuvanee moved and Director Wustenberg seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

3. **BOARD PRESIDENT’S REPORT**
   **Welcome**

   President Lussier welcomed the Board, presidents, and others to the meeting at Oregon State University and thanked President Tim White for the informative and interesting afternoon and evening portions of the visit to the campus. “We had some very high quality and sophisticated entertainment at the dinner and heard from outstanding
faculty, administrators, and students in the afternoon. It’s always a great time to be on campuses and, as we mentioned last evening, it is wonderful to listen to students and their aspirations and achievements. It provides the Board with an opportunity to really see what higher education is all about and why we, as a Board, are here.”

**Tom Imeson Recognition**
President Lussier, in keeping with a tradition he began several months ago, presented Tom Imeson with a plaque to acknowledge his service to the Board as president from 1998-2000.

**President’s Observations**
President Lussier acknowledged that these are financially very austere times for the state and the Oregon University System. He indicated that the Board has asked the institutions to make major changes, staff reductions, and curtailment of programs and services. Students likewise have been put in very difficult positions because of increased tuition, decreasing opportunities, and uncertainties regarding their futures. “On behalf of the Board, I want to express our thanks and appreciation to each one of you for accommodating and managing your way through this period,” President Lussier added.

Continuing, he indicated that this time also offers tremendous opportunities to position the System for the future. “We have seven great universities; we have outstanding staff and faculty; and we have more than a full array of outstanding and great students who will eventually become the leaders of this state. Sometimes we think that all we have to do is live through this adversity and things will be brighter three or four years from now. But students are here now. This is their opportunity and they can’t put their lives off because of some economic adversity in the state. So that really does become our challenge.”

4. **CHANCELLOR’S REPORT**

**Preliminary Report**
Chancellor Jarvis highlighted the importance of the release of the preliminary report, “THE FIRST YEAR: 10th Grade Benchmark Standards and First Year College Performance,” which he described as a very important set of data for OUS and, in particular, for the K-12 sector partners. A collaborative study by staff from OUS, the Department of Education, and the Office of Community Colleges and Workforce Development, the study looked at a standards cohort of approximately 6,000 students entering OUS and community college institutions in the fall of 2001. It related their performance on the benchmark assessments in tenth grade to their subsequent success in the freshman year in college. “The bottom line result of the study is that the performance standards that we worked so hard to put in place in this state turn out to be as good or better predictors of the success of students in college as the standardized tests taken at a later time,” Chancellor Jarvis explained.
A direct benefit of the findings is that there is an opportunity to work with students in the tenth grade and, with early warning, guide them in ways that can better prepare them for higher education in the future. This study will also be a topic of considerable political discussion as efforts continue on the educational reform movement in Oregon. The Chancellor formally thanked Vice Chancellor Clark, Dr. Christine Tell, and Dr. David McDonald for their work on the project.

Legislative Affairs
Chancellor Jarvis indicated that he continues to make regular visits to legislators. In addition, he has given presentations to the House Education Committee, the Senate Education Committee, and participated in a briefing with the Governor’s staff on the state of the budget for the current biennium.

Budget Outlook for 2003
Chancellor Jarvis called on Vice Chancellor Anderes to brief the Board on the challenges facing OUS in light of the revenue projections. He indicated that the latest revenue forecast, due out within the week, would reveal an additional $300,000 shortfall from the most recent projections. The Governor’s office is instituting what they have termed a “cost avoidance process” that will impact all government agencies.

At the same time, the new legislature is faced with a revenue estimate that is approximately four percent below what the Governor’s recommended budget had anticipated. Vice Chancellor Anderes anticipated that the Ways and Means Committee hearings would be pushed farther back on the legislative agenda and that there could well be weekly meetings to work through the budgeting process.

Secretary of State Audit Division Report
The Secretary of State Audit Division issued a report on OUS’ internal audit functions. “The objective of the review was part of a comprehensive set of reviews of state agencies and the extent to which agencies are promoting compliance by optimally using their own internal audit functions. OUS internal audit system was one of a very few agencies that demonstrated full compliance with all applicable standards. “I would like to express my appreciation and on behalf of the Board acknowledge the great work of Patti Snopkowski and her staff,” Chancellor Jarvis concluded.

Presidents’ Reports
Dan Bernstein reported that he and Chancellor Jarvis had participated in a press conference at PSU with Congressman David Wu regarding a package of bills intended to make college more affordable, including an increase in the PELL grant. PSU is the recipient of a $2.5 million gift from Gordon Moore, $2 million from federal appropriations, and $1 million from the Department of Commerce and Department of Energy. PSU’s distinguished Chamber Choir performed at Carnegie Hall in New York City. Finally, President Bernstein reported that Eric Jenson, who was home schooled until the age of 16, graduated from PSU in 2002, and received a Gates-Cambridge fellowship. He will begin graduate studies at Cambridge in the fall.
Phillip Conn described the development and use of instructional technology at WOU that began three years ago with a program called Preparing Tomorrows Teachers for Technology (PT3) that was funded by the Department of Agriculture. At a conference on February 13, 2003, 30 projects were showcased to demonstrate innovations in computer-assisted teaching. To celebrate and emphasize WOU’s cultural and ethnic diversity, the third annual Chicanito tour was held. Over 200 middle and high school students of Latino or Hispanic origin were on campus for a day to experience the college environment.

Martha Anne Dow commented that Coach Danny Miles achieved his 700th win as basketball coach. Dawn Marquar, a senior in radiologic science, participated in a health technologies conference of ACERT in Las Vegas. ACERT is an accrediting agency in radiologic science as well as a professional association. Ms. Marquar placed first nationally with over 180 competitors from programs across the nation.

Dave Frohnmayer reported that the UO admissions flow is consistent with the projections that had been made and is probably the largest flow of applicants in history. A researcher at the UO has received a contract from the College Board to provide to every high school in the nation a set of plans by which they can more closely conform the new emerging performance standards with college success standards. The CD-Rom version of the Atlas of Oregon has won another national prize. The UO is very far advanced on the planning of a comprehensive campaign that will begin soon, dependent on an assessment of market conditions and readiness. The UO has developed academic priorities that will be unveiled to the UO Foundation Trustees in the coming weeks.

Elisabeth Zinser invited Board members to the groundbreaking on March 7, 2003, of SOU’s library. She indicated that Senator Hannon and Representative Bates would be among the legislators present at the event. SOU has had a reaffirmation of its accreditation. The report acknowledged the heroic efforts that SOU has made to accomplish the high level of quality it has in the face of extreme fiscal challenges. Kerry Lund, a SOU graduate and a high school teacher in Cave Junction, Oregon, was one of five selected nationally for the Mr. Holland’s Opus Award for outstanding teaching. At a ceremony at Carnegie Hall in New York, Mr. Lund was named outstanding teacher in the country. SOU received $500,000 support from the federal government to support the Theatre Education Institute. Finally, President Zinser commented that the Early Childhood Development program the Board was being asked to approve is to be offered in conjunction with Rogue Community College and is important to the overall mission of SOU.

Tim White acknowledged that the American College of Health Care Executives, for the first time, this year awarded prizes for undergraduate, graduate, and faculty manuscripts to students and one faculty member. Two received prizes – graduate division and undergraduate student. The Tech Laboratory for Plasma Spectroscopy has opened and allows access through the internet to look at geochemical analysis. It links to the
extremely large database on marine biology. For the first time, world access is available through a website to over 800 original letters, manuscripts, and notes between Linus Pauling and James Watson, Francis Kirk, and Roselynn Franklin regarding the discovery of DNA. OSU has been involved in the technical aspects of creating OPAN, which opens the unfiltered world of Oregon politics to every home in the state of Oregon. Finally, President White indicated that “the uncertain world in which we live was manifest when the scheduled live interaction with the space shuttle and OSU alum Don Pettit and high school and elementary students, had to be cancelled.”

Lesley Hallick commended the System for the change in the way in which the Annual Financial Statements have been prepared and acknowledged that they are much more user friendly. Dr. Hallick expressed gratitude to the partnerships that have existed and are continuing to expand among OUS institutions and she cited a number of examples of how these collaborative relationships have enriched programs at OHSU. A biodefense initiative, for which OHSU has applied, involved many entities and universities in the Northwest and West. Other projects have included partnerships with OIT, PSU, and OSU.

Phillip Creighton acknowledged that on February 10, 2003, the faculty at Eastern Oregon University voted, by a very close margin, to affiliate with the American Federation of Teachers. The union will be authorized on February 24th. President Creighton indicated this arrangement could make for significant differences on the campus and wanted the Board to be aware of this change.

5. REPORTS

IFS President
Professor Bill Danley began his report by commenting that this year continues to “bring news of a dramatic declining state economy, of deep concern for the health of our state, and a seemingly never-ending sequence of lowered revenue forecasts, unforeseen gaps between revenues and expenses, and overlaying all of that depressing news, we hear of calls to war and equally bad economic news on the national front.

Dr. Danley touched on the problems of continuing increases in tuition for students and the potential harmful effects of reform of the Oregon Public Employee Retirement System. He pointed out that it is the unintended consequences of these actions that threaten the System the most and offered the support of the faculty in working with the legislature to find solutions. (The full text of Dr. Danley’s comments is available in the Board's office.)

OSA President
In the absence of OSA president Ms. Rachel Pilliod, Andy Saultz, OSA vice chair and chief-of-staff for the Associated Students of Oregon State University, provided the OSA report. Mr. Saultz expressed OSA’s concerns regarding raising admission standards at OIT and PSU, indicating that some of the most vulnerable students would be adversely affected. “Students that show the determination to apply to college should not be rejected by increasing admissions standards,” Mr. Saultz contended.
The second item of concern from OSA related to a proposal to implement a governance structure on campuses that would ensure that students were involved and heard as decisions were made affecting student life, finances, and enrollment. Appreciation was expressed for actions taken by the Board and the Chancellor to increase student involvement, but OSA asked for a resolution to the governance issues they had raised within the next two months. (A complete copy of Mr. Saultz's remarks is on file in the Board's office.)

Director Young responded to OSA’s request by encouraging the Board to send some direction to the campuses to set up a structure where students are involved in more meaningful and effective ways with decisions on the campuses. Director Bassett indicated that the Board and the institutions have and will continue to make very painful decisions regarding tuition and access. “I plead with you to understand that we’re not insensitive, but we are trying to proceed on a course we’ve never seen before and we are placing great confidence in the responsibilities of institutional presidents and other leaders working with students and others to handle a situation that escapes handling at this Board table,” he concluded.

President Lussier indicated he would ask the Executive Committee to take the OSA proposal under advisement to determine what can be done to create a dialog around the governance issue to arrive at a mutually agreeable conclusion.

6. **SYSTEM STRATEGIC PLANNING COMMITTEE**
   **ACTION ITEM**
   a. **OUS Undergraduate Admission Policy for the 2004-05 Academic Year**

   **DOCKET ITEM:**
   **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 was provided at the end of the 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. (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 was in the February 21, 2003, Board docket.

The Oregon Institute of Technology (OIT) proposed 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) proposed 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) proposed 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 affirmed setting its minimum GPA for entering freshmen at 3.25. It also proposed 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 recommended (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.
COMMITTEE DISCUSSION AND ACTION:
Director Bassett indicated that Board approval of the staff recommendation would revise standing admission policies for three OUS campuses, Oregon Institute of Technology, Portland State University, and the University of Oregon.

During the Committee discussion, the question was raised about criteria, other than GPA that were used to approve institution admissions. OUS is in the process of evolving toward PASS and changing from what in the past has been called the five percent special admit category of students. These are students who essentially fall below all institutional criteria but, nonetheless, the institution wants to give them encouragement to attempt to make it in the higher education environment.

Director Barnett was interested in what might happen with admission standards if enrollment caps were imposed. Could other criteria be imposed such as a history of disciplinary problems or a criminal record? Dr. McDonald explained that information of that type is not available to admission directors. “Traditionally what happens at open access universities (and we fall into that category) is that when students meet the minimum academic requirements, are able to pay the admission fee, apply on time, they are admitted.”

The question was raised as to whether or not Oregon was considering eliminating the SAT and ACT scores as in California. It was explained that at the present time, OUS requires the SAT exam and the score falls into the category of an additional indicator of potential for success. There was discussion of what was termed the “GPA gap,” that results because of the discrepancies in how grades are assigned from class-to-class and from school-to-school. There is general belief and hope that the standards, which are state-normed and independently verified, will be a more accurate predictor of potential success in college than the GPA.

BOARD DISCUSSION:
Director Watari expressed the opinion that when the standards of the GPA are raised, the System is contributing to the creation of an elite class of students. Several Board members underscored that in light of the discussion of admission standards, it was even more important to finish the work on policy issues regarding the relationship of access and quality.

Director Bassett added that the issue of admission standards is even larger than just the Oregon University System and includes the other education sectors of the state. “I think more likely in the SSP access work, rather than quality, we need to capture admission standards as one of the tools that affect access and determine the Board’s general view on the topic. It is appropriate for the Board to communicate broadly to the public the consequences of actions we are being required to take.”

President Frohnmayer explained that a student’s GPA is not the only determiner of whether or not they will be admitted to an institution. The GPA, he said, “is what you would call automatic admission of the student. It does not preclude what we call full-file
review of those who fall below that standard. In fact, that full-file review is given to hundreds, if not thousands, of students who apply.” It was further explained that it is very clear on institution application documents that GPA is only one of many components of a student’s background that might be considered for admission to an institution.

President Lussier added that the community colleges are facing enrollment management issues as well and that the work of the Joint Boards of Education is even more important as we together face the issues of declining enrollments and increased demand for postsecondary education opportunities.

**BOARD ACTION:**
Director Bassett moved and Director VanLuvanee seconded the motion to approve the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Wustenberg, Young, and Lussier. Those voting no: Director Watari.

7. **BUDGET AND FINANCE COMMITTEE**
   **ACTION ITEMS**
   a. **Report on 2002-03 Tuition Surcharge Rates**

   **DOCKET ITEM:**
   **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 an 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 on 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 as preliminary. Staff assured the Board that a report would be made at the first opportunity following the January election outcome, on 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 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 was included in the supplemental material to the docket item.
Staff Recommendation to the Budget and Finance Committee
Staff recommended that the Board approve the report on the 2002-03 Tuition Surcharge Rates as submitted.

COMMITTEE DISCUSSION AND ACTION:
Vice Chancellor Anderes reminded the Committee that the surcharges are temporary – filling the gap for the remainder of this biennium. The Committee will address this issue again in April when there will be a combination of enrollment and tuition plans from the institutions. This will be done within the best parameters of information available on financial forecasts and budget projections from the legislature.

In response to a question from Director Imeson as to whether there were any themes or similar patterns among the institutions, Vice Chancellor Anderes indicated that there were not. Each institution is looking at the problem from a different perspective, taking into account fund balances, projected enrollment, and so forth.

It was pointed out that each institution is setting aside an amount of the surcharge that is proportional to the amounts they had under previous tuition scenarios for the most financially at-risk students. Director Young requested a report of the ways in which the issue of financial aid for the most needy was being handled.

Director VanLuvanee indicated that the Budget and Finance Committee approved the staff recommendation and suggested the full Board do the same. Director Watari voted against the motion.

BOARD DISCUSSION AND ACTION:
It was moved by Director VanLuvanee and seconded by Director Bassett that the Board approve the Committee recommendation. Those voting in favor: Director Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Wustenberg, Young, and Lussier. Those voting no: none. (Note: Director Watari was not in the room at the time of the vote.)

b. Annual Financial Audit Report

DOCKET ITEM:
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 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 recommended that the Budget and Finance Committee accept the Annual Financial Statements 2001-2002.

_COMMITTEE DISCUSSION AND ACTION:_

There were representatives from the State Auditor’s Office, Moss Adams (OUS contracted accounting firm), and Mike Green, OUS Controller. It was highlighted that the financial statements looked much different than in the past because of new standards the System implemented.

Mr. Green explained the financial statements and how they varied from previous years. He highlighted that the change in format made it very difficult to show comparability between years, since the data are presented in very different formats. He explained that this would improve over time as the system is fully implemented.

Nancy Young, Audit Administrator with the Secretary of State Audit Division, indicated that the Oregon Secretary of State has the constitutional responsibility to audit the accounts and the financial affairs of all state agencies and state aided institutions. The Audit Division elected to contract, through a competitive bidding process, with an
outside firm. The firm chosen was Moss Adams and Ms. Young introduced Mary Case, partner with the firm, and Scott Simpson.

Ms. Case explained the role that Moss Adams played in the present audit and the types of letters and reports they issued to OUS.

Ms. Young discussed some new accounting and auditing standards occurring in the accounting profession. One of them relates to Statement and Auditing Standard 99 that covers fraud in a financial statement audit. She explained that “management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, record, process, and report transactions consistent with managements’ assertions embodied in the financial statements. As such, management should set the proper tone, create and maintain a culture of honesty and high ethical standards, and establish appropriate controls to prevent, deter, and detect fraud. When management and those responsible for the oversight of the financial reporting process fulfill those responsibilities, the opportunities to commit fraud can be reduced significantly,” Ms. Young explained.

Ms. Young also explained that the way in which audits have been performed would be changing as well. Risks facing OUS will have to be identified, assessed, and responded to. “This will mean that we’ll be required to do some surprise type of activities that may include coming at a different time and performing different procedures than we performed the year before,” she explained.

It was pointed out that the Audit Division has just initiated an information technology audit within OUS. This audit begins with a risk assessment at each institution regarding controls over information technology practices.

Director Imeson asked if the auditors had any observations or recommendations for the Board in terms of its responsibility in dealing with audits and, specifically, if they saw a need for a separate audit committee. Ms. Young observed that the important element is that the auditors have access to the right individuals within the System and the Board is a good representation of that. “It is key that the Board considers each of the recommendations and looks at the actions that have or have not been taken and ensures that there is follow-up to each one of those recommendations, whether it comes from the Internal Audit Division or an external auditor. That is a key role for the Board to play,” she concluded.

Continuing to explore the issue, Director Imeson indicated that there are instances, perhaps more in the private sector than in the public sector, when there is a direct relationship to the internal and external auditors by a board to ensure “that they are receiving, in an unfiltered and unvarnished way, whatever they need to receive. Perhaps we do need to look at our own structure to ensure that we have that capability.” Director Lehmann concurred, adding that since the Executive Committee was not meeting on a regular basis there might be another venue for audit considerations.
BOARD ACTION:
It was moved by Director VanLuvanee and seconded by Director Lehmann that the Board approve the Committee recommendation to accept the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Wustenberg, Young, and Lussier. Those voting no: none. Director Watari was out of the room at the time of the vote.

CONTINUED BOARD DISCUSSION ON THE AUDIT REPORT AND FUNCTION:
Director Richmond, returning to the conversation that occurred during the Budget and Finance Committee, indicated that consideration should be given to creating a subcommittee for audit or having reports made to the Executive Committee. She emphasized that it is extremely important for the Board to separate the audit function and have a reports made to an identified group.

President Lussier reminded the Board that a recommendation had been made at the Budget and Finance Committee meeting that the logical place for the function would be that Committee. Director Imeson stated, “for the most part, everything that comes to the Budget and Finance Committee comes through Tom Anderes. I think there needs to be, for his sake and everyone’s else, an independence in how audit reports come to the Board. This is going on in places where they previously didn’t have audit committees. They are creating them for this very reason – to ensure that there is absolute independence and a direct communication for a board. So perhaps it can be done through a subcommittee of the Budget and Finance Committee or simply a separate audit committee that is created for that purpose.”

Director VanLuvanee, indicating a desire to avoid creation of another committee, suggested that the name of the Budget and Finance Committee be renamed the Budget, Finance, and Audit Committee.

Several other directors added that there is increased need for independence and clearly stated channels directly to the Board in matters pertaining to audits. Director Barnett observed that “it really didn’t make any difference what committee or committees had responsibility for accepting audit reports. More important would be the protocols we set in place: what is the charter of the Budget and Finance Committee with respect to the audit? Maybe that involves a direct meeting with the auditors apart from the financial staff and maybe there are other suggestions as to how we can do it.”

Vice Chancellor Anderes reminded the Board that the audit function had been through a quality assurance review, conducted by external professionals. Part of the rationale for this review was to gain independence and a part of that was verifying the ability of Ms. Snopkowski and her staff. There are more meetings scheduled directly with the Chancellor and there could be more meetings with the group identified by the Board to assume responsibility for audits. He agreed to prepare and present alternatives to the Board.
BOARD ACTION:
Director VanLuvanee moved and Director Lehmann seconded the motion that the Budget and Finance Committee be designated as the committee to receive and review the audit reports. Those voting in favor: Directors Barnett, Bassett, Lehmann, Richmond, VanLuvanee, Wustenberg, Watari, Young, and Lussier. Those voting no: Director Imeson.

c. Sale of Land and Approval of Housing and Academic Services Agreement at PSU

DOCKET ITEM:
**Summary**
Portland State University (PSU) sought 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). Taxable bonds will fund the balance of the financing. 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. Broadway Housing LLC will operate the building, 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 recommended 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.

COMMITTEE DISCUSSION AND ACTION:

Vice Chancellor Anderes introduced the action item and asked Portland State University president Dan Bernstine, Jay Kenton, Vice President for Finance and Administration at PSU, and Wendy Robinson, Assistant Attorney General with the Department of Justice, to review the particulars of this unique project.

Director Barnett asked if the PSU Foundation was creating an LLC that would be either directly managing or contracting with a management entity to operate the facility. Dr. Kenton indicated that was correct and that it was a new role for a foundation, but one that is within the provisions of their charter.

Director Young raised a question concerning management of PSU facilities and if PSU would at some point be looking to assume the role. Dr. Kenton responded that PSU has been extremely satisfied with College Housing Northwest, with whom they have worked since 1969. In response to a question regarding the risks or obligations to the System with approval of this transaction, Dr. Kenton explained that one of the greatest risks would be if the rentals of the units were not to materialize. The present demand is so high that this does not look like a very great risk. The bond payments would need to be met whether occupancy occurred or not.

The Committee recommended the Board approve the staff recommendation.

BOARD DISCUSSION:

Director VanLuvanee underscored how important this item was for PSU and also that it provided additional housing while keeping the cost off the balance sheet of the institution.

BOARD ACTION:

It was moved by Director VanLuvanee and seconded by Director Lehmann that the Board approve the staff recommendation. Those voting in favor: Directors Barnett,

d. Resolution for the Sale of Article XI-G Bonds

DOCKET ITEM:

<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 recommended 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).

$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 authorized 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 recommended the Board adopt the following resolution for authorizing the sale of Article XI-G bonds for capital projects.
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>NA</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</td>
<td>$818</td>
<td>1.55%</td>
<td>$515</td>
</tr>
<tr>
<td>1993-1995</td>
<td>866</td>
<td>1.47%</td>
<td>482</td>
</tr>
<tr>
<td>1995-1997</td>
<td>991</td>
<td>1.67%</td>
<td>422</td>
</tr>
<tr>
<td>1997-1999</td>
<td>1,062</td>
<td>1.73%</td>
<td>496</td>
</tr>
<tr>
<td>1999-2001</td>
<td>1,395</td>
<td>1.33%</td>
<td>740</td>
</tr>
<tr>
<td>2001-2003</td>
<td>1,539</td>
<td>1.39%</td>
<td>749</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 Period</th>
<th>Beginning Bonds Outstanding</th>
<th>Annual Debt Service</th>
<th>Biennial Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-1998</td>
<td>$64.2</td>
<td>$8.5</td>
<td>$18.0</td>
</tr>
<tr>
<td>1998-1999</td>
<td>73.6</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>1999-2000</td>
<td>75.8</td>
<td>9.7</td>
<td>18.6</td>
</tr>
<tr>
<td>2000-2001</td>
<td>94.4</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>2001-2002</td>
<td>89.3</td>
<td>9.7</td>
<td>21.4</td>
</tr>
<tr>
<td>2002-2003</td>
<td>123.2</td>
<td>11.7</td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>177.4</td>
<td>16.2</td>
<td>30.8</td>
</tr>
<tr>
<td>2004-2005</td>
<td>170.5</td>
<td>14.6</td>
<td></td>
</tr>
</tbody>
</table>

**COMMITTEE DISCUSSION AND ACTION:**
The Committee recommended that the Board approve the staff recommendation.
BOARD ACTION:
It was moved by Director VanLuvanee and seconded by Director Young that the Board approve the staff recommendation that the Board adopt the resolution for authorizing the sale of Article XI-G bonds for capital projects. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

CONSENT ITEMS
a. OSU Veterinary Medicine Additional Funding Request

DOCKET ITEM:
Summary
Oregon State University (OSU) sought 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 recommended 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.

**COMMITTEE DISCUSSION AND ACTION:**
The Committee voted in favor of the staff recommendation.

**BOARD ACTION:**
Director VanLuvanee moved and Ms. Lehmann seconded the motion to approve the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

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

**DOCKET ITEM:**
**Summary**
The purpose of this report was 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 of 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 recommended that the Board accept the OSU Intercollegiate Athletics Department Fiscal Status Report, December 31, 2002, as submitted.

### 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>Favorable (Unfavorable)</th>
<th>% Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beginning Fund Balance (Deficit)</strong></td>
<td>(4,684,091)</td>
<td>(5,633,020)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenues:</strong></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>
</tr>
<tr>
<td>Student Fees</td>
<td>413,973</td>
<td>387,600</td>
<td>26,373</td>
<td></td>
</tr>
<tr>
<td>Lottery</td>
<td>203,921</td>
<td>113,900</td>
<td>90,021</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>
</tr>
<tr>
<td>Other</td>
<td>45,296</td>
<td>47,872</td>
<td>(2,576)</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>8,682,936</td>
<td>8,008,280</td>
<td>674,656</td>
<td>8.42%</td>
</tr>
<tr>
<td><strong>Expenses:</strong></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>
</tr>
<tr>
<td>Scholarships</td>
<td>3,106,976</td>
<td>3,238,221</td>
<td>131,245</td>
<td>4.05%</td>
</tr>
<tr>
<td>Other</td>
<td>209,808</td>
<td>322,500</td>
<td>112,692</td>
<td>34.94%</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>14,603,013</td>
<td>13,841,046</td>
<td>(761,967)</td>
<td>-5.51%</td>
</tr>
<tr>
<td><strong>Net Income (Loss) from Operations</strong></td>
<td>(5,920,077)</td>
<td>(5,832,766)</td>
<td>$ 87,311</td>
<td>-1.50%</td>
</tr>
<tr>
<td><strong>Fund Balance (Deficit) Before Subsidy</strong></td>
<td>(10,604,168)</td>
<td>)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Institutional Funds Subsidy</strong></td>
<td>2,012,595</td>
<td>2,640,736</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td><strong>Ending Fund Balance (Deficit)</strong></td>
<td>$ (8,591,573)</td>
<td>(8,825,050)</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash (Overdraft)</strong></td>
<td>$ (4,342,187)</td>
<td>(3,848,945)</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td>Loans Outstanding</td>
<td>(4,500,000)</td>
<td>(8,000,000)</td>
<td>)</td>
<td></td>
</tr>
<tr>
<td><strong>Cash (Overdraft) – Net of Borrowed Funds</strong></td>
<td>$ (8,842,187)</td>
<td>(11,848,945)</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 that 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*

**COMMITTEE DISCUSSION AND ACTION:**
The Budget and Finance Committee voted to support the staff recommendation for Sale of Land and approval of housing and academic services Agreement at PSU.

**BOARD DISCUSSION AND ACTION:**
It was moved by Director VanLuvanee and seconded by Director Wustenberg that the Committee accept the report on the sale of land and approval of housing and academic services agreement at PSU. Those voting in favor of the motion: Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.
8. **FULL BOARD 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.

**DOCKET ITEM:**  
**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 recommended the following changes to IMD 1.305(1) and IMD 2.001(1):
IMD 1.305 Establishing and Naming Schools or Colleges
(1) The Board shall approve 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 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.

BOARD DISCUSSION:
Chancellor Jarvis indicated to the Board that this request was for a change in the IMD relative to establishment and closure of schools and colleges. It was explained that this was in an effort to move some functions from the Board to the Chancellor and raises the question of how much time and effort Board members want to spend on the internal operations of the institutions. “I am simply wanting to streamline the process which right now requires a proposal to indicate there would be a staff review. It is much easier for internal institutional changes to occur with the changes in the IMD.”

BOARD ACTION:
Director Wustenberg moved and Director Lehmann seconded the motion to accept the staff report. On roll call the following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

CONSENT ITEMS
a. OSU, M.A., Applied Ethics

DOCKET ITEM:
Oregon State University proposed to offer the Master of Arts 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.

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 recommended that the Board authorize 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.
BoD DISCUSSION AND ACTION:
It was moved by Director Bassett and seconded by Director Lehmann to approve the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

b. SOU, B.A./B.S., Early Childhood Development

DOCKET ITEM:
Southern Oregon University proposed 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 have 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 who minor 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 recommended 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 DISCUSSION AND ACTION:
Director Bassett moved and Director Lehmann seconded the motion to approve the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.
c. **PSU, M.A./M.S., Interdisciplinary Studies**

**DOCKET ITEM:**  
Portland State University proposed 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 faculties 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 recommended 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 DISCUSSION AND ACTION:
It was moved by Director Bassett and seconded by Director Lehmann that the Board approve the staff recommendation. Those voting in favor: Directors: Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

d. Authorization to Award Honorary Degrees. OSU and PSU

DOCKET ITEM:
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 requested 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 recommended 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:**

It was moved by Director VanLuvanee and seconded by Director Wustenberg that the Board approve the staff recommendation to award honorary doctorates at PSU and OSU. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richardson, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

**e. Agreement to Transfer Emergency Medical Technology, A.A.S., from OHSU to OIT**

**DOCKET ITEM:**

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. The transfer will affect no students or employees. 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 recommended that OIT be authorized to accept the transfer of the A.A.S. degree in Emergency Medical Technology, effective immediately.

**BOARD DISCUSSION AND ACTION:**

Director Bassett moved and Director Lehmann seconded the motion to authorize OIT to accept the transfer of the A.A.S. degree in Emergency Medical Technology. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

10. **OTHER COMMITTEE REPORTS**

**Joint Boards Working Group**

Roger Bassett reported on the progress of the Joint Boards Working Group that is regularly meeting each month. The work of that group closely mirrors that of the Strategic Planning Committee in that the issues of quality, affordability, and access are the priority topics. “The work of the Joint Boards Working Group will bring up the broader postsecondary education version of the same issues,” Director Bassett pointed out.

**OHSU**

Director Imeson reviewed the items raised earlier by Provost Hallick, underscored that the institution is moving forward with the River Campus, and aggressively looking for cost savings within the budget to deal with cuts and shortfalls. Dr. Hallick noted that an
added reduction for the institution is the reductions in Medicaid, which is more severe than the general fund reductions. This is having a devastating effect, according to Dr. Hallick, on staff, patients, and all of those associated with the institution.

**Oregon College Savings Plan**
Director Lehmann reported that the assets in each of the 529 plans offered under the Oregon College Savings Plan continue to grow. There is, at present, about $96 million in the accounts that represent a total of over 25,000 separate investment accounts.

**Oregon Council on Knowledge and Economic Development**
President Lussier reported that OCKED and ETIC are very active at the present time. There is a strong relationship between some of the priorities of the UO and OSU with reference to the signature research centers and proposals that are being presented. “There is a lot going on between the partnerships among higher education, OCKED, and ETIC,” Mr. Lussier observed. “Our future lies in technology in a lot of respects and a lot is going on.”

President White agreed that very important collaborative efforts are on-going between UO and OSU and they have great potential for economic development activities within the state. President Frohnmayer added that the initiatives are going forward with two principal investigators, one from OSU and one from UO. “We think this is the harbinger of a very, very significant state development in nanotechnology and nanoscience. Oregon may be in a very good position to pursue these fields internationally,” he added.

**OSU Presidential Search Committee**
Director Barnett indicated that the OSU presidential search is proceeding on schedule and the Search Committee is working well together. In spite of a short timeframe for recruitment, the Committee is on schedule and moving ahead on all aspects of the search.

**Federal Appropriations**

**DOCKET ITEM:**
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 long-standing 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 had 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>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oregon University</td>
<td>(1) Learning Center</td>
<td>Labor-HHS-Education</td>
<td>Institute of Museum and Library Services</td>
<td>Office of Library Services</td>
<td>$1 million</td>
</tr>
<tr>
<td></td>
<td>(2) Rural Frontier Delivery Program</td>
<td>Labor-HHS-Education</td>
<td>Department of Health and Human Services</td>
<td>Health Resources and Services (Administration)</td>
<td>$1.5 million</td>
</tr>
<tr>
<td></td>
<td>(3) Rural Frontier Delivery Program</td>
<td>VA/HUD</td>
<td>Community Development Block Grant</td>
<td>Community Development Fund</td>
<td>$1.5 million</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>(1) Center for Health Professions</td>
<td>Labor-HHS-Education</td>
<td>Department of Health and Human Services</td>
<td>To be determined</td>
<td>$2 million</td>
</tr>
<tr>
<td></td>
<td>(2) Women in Science and Engineering</td>
<td>Labor-HHS-Education</td>
<td>Department of Education</td>
<td>Strengthening Institutions</td>
<td>$800,000</td>
</tr>
<tr>
<td></td>
<td>(3) Clean Energy Business Incubator</td>
<td>Energy and Water Development</td>
<td>Department of Energy</td>
<td>Renewable Energy</td>
<td>$500,000</td>
</tr>
<tr>
<td>INSTITUTION</td>
<td>PROGRAM</td>
<td>APPROP. BILL</td>
<td>AGENCY</td>
<td>ACCOUNT</td>
<td>$AMOUNT REQUESTED</td>
</tr>
<tr>
<td>--------------------------</td>
<td>----------------------------------------------</td>
<td>-------------------------</td>
<td>---------------------------------------------</td>
<td>----------------------------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>(1) Business and Information Technology (BIT) Extension Program</td>
<td>To be determined</td>
<td>USDA, Dept. of Commerce, Dept. of Education, Dept. of Labor</td>
<td>To be determined</td>
<td>$1.95 million</td>
</tr>
<tr>
<td></td>
<td>(2) Virtual Center for Transboundary Waters</td>
<td>To be determined</td>
<td>USDA, Dept. of State, US AID, Dept. of Interior, Dept. of Energy, EPA</td>
<td>To be determined</td>
<td>$5 million</td>
</tr>
<tr>
<td></td>
<td>(3) Fire Intensified Research and Education Program (FIRE)</td>
<td>Interior</td>
<td>Department of Agriculture</td>
<td>Healthy Forest Initiatives</td>
<td>$8-12 million per year for 12 years</td>
</tr>
<tr>
<td>Portland State University</td>
<td>(1) Engineering and Transportation Research</td>
<td>VA/HUD, Transportation</td>
<td>HUD; Transportation</td>
<td>To be determined</td>
<td>$4 million</td>
</tr>
<tr>
<td></td>
<td>(2) Millar Library/Middle Eastern Studies Center/Judaic Studies Program</td>
<td>Labor-HHS-Education</td>
<td>Institute of Museum and Library Services</td>
<td>Office of Library Services</td>
<td>$350,000</td>
</tr>
<tr>
<td></td>
<td>(3) Interdisciplinary Center for Law and Entrepreneurship</td>
<td>Commerce, Justice, State Labor-HHS-Education</td>
<td>To be determined</td>
<td>To be determined</td>
<td>$500,000</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>(1) Computer Security Information Assurance</td>
<td>Homeland Security</td>
<td>Directorate of Information Analysis and Infrastructure Protection</td>
<td>Cyber Security; Outreach and Partnerships</td>
<td>$400,000</td>
</tr>
<tr>
<td></td>
<td>(2) AuCoin Institute for Ecology, Economics, and Civics</td>
<td>Labor-HHS-Education</td>
<td>Department of Education</td>
<td>Higher Education - Fund for the Improvement of Postsecondary Education</td>
<td>$1.25 million</td>
</tr>
<tr>
<td></td>
<td>(3) Center for First Nation Studies</td>
<td>Labor-HHS-Education</td>
<td>Department of Education</td>
<td>Aid for Institutional Development</td>
<td>$475,000</td>
</tr>
</tbody>
</table>
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 deliver 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 nine 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 also will provide opportunities 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 a 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.

11. Public Input
There was no public input.

12. Items From Board Members
Director Watari thanked President White for the visit and dinner and indicated that she had accepted a fellowship in Washington, D.C. with Congressman Honda from California. The internship will last for four months.

Director Richmond acknowledged the courage and creativity of the presidents as they are navigating their way through some very difficult times. Director VanLuvanee added that “all institution presidents, whether you think you have stepped up or not, you have, and clearly you’re talking about the kinds of things that I’ve had in my dreams for a long time. I applaud all of you and thank you so much.”

In turn, Director Wustenberg acknowledged the students who were present at the meeting to demonstrate their concern about their education. Director Barnett added that
Board members do read the signs of students, hear their messages, and appreciate the passion and energy they bring to their causes.

Director Bassett acknowledged president-emeritus John Byrne’s presence at the meeting. He also thanked President White for the visit and the great sense of community at OSU.

Director Young acknowledged that he treats every meeting as his last, since his term has already expired and observed that “Oregon is leading the country in cuts to higher education and this happened on our watch. I feel responsible to help continue to advocate for higher education as a citizen and am exploring the possibilities of forming a System political action committee,” he said.

Director Lehmann and President Lussier added their thanks and words of commendation to President White and those who participated in the informative visit. Mr. Lussier also acknowledged the presence of fellow Board member Imeson who was not present at the recent meetings because of his responsibility of heading the Governor’s Transition Team. Continuing, he invited Board members to offer suggestions for the format and schedule of Board meetings. “The goal is to be as inclusive as we can to get through items in a more deliberative fashion,” he concluded.

13. **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 April 18, 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.

14. **Adjournment**
   The Board meeting adjourned at 12:20 p.m.

   Virginia L. Thompson  
   Secretary of the Board

   James T. Lussier  
   President of the Board
OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF THE SPECIAL TELECONFERENCE MEETING OF THE BOARD
ROOM 358, SUSAN CAMPBELL HALL
UNIVERSITY OF OREGON, EUGENE
FEBRUARY 28, 2003

1. CALL TO ORDER/ROLL CALL
The special meeting of the State Board of Higher Education was called to order at 1:00 p.m. by President Lussier.

On roll call, the following Board members answered present:

Kerry Barnett     Erin Watari
Tom Imeson        Phyllis Wustenberg
Jim Lussier       Tim Young
Roger Bassett (arrived at 1:14 p.m.)

Absent: Leslie Lehmann, Geri Richmond, Don VanLuvanee, and Bill Williams

Chancellor’s Office staff present: Chancellor Richard Jarvis, Tom Anderes, Ben Rawlins, Diane Saunders, Alayne Switzer, Virginia Thompson, and Susan Weeks

2. ADJOURN TO EXECUTIVE SESSION
Director Imeson moved and Director Young seconded the motion to adjourn to executive session, pursuant to ORS 192.660(1)(a), for the purpose of discussing personnel matters. Those voting in favor of the motion: Directors Barnett, Imeson, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

The executive session was called to order at 1:04 p.m. by President Lussier. Pursuant to ORS 192.660(4), no final action was taken or final decision was made at the executive session.

3. RECONVENE PUBLIC SESSION
Director Barnett moved and Director Imeson seconded the motion to reconvene the public session of the special Board meeting. Those voting in favor of the motion: Directors Barnett, Imeson, Watari, Wustenberg, Young, and Lussier. Those voting no: none. The public session of the special Board meeting reconvened at 1:15 p.m.

President Lussier indicated that the Board had just met in executive session to consider a recommendation from Chancellor Richard Jarvis for a salary adjustment for Dr. Martha Anne Dow, President of Oregon Institute of Technology, from the current level of $133,464 ($118,464 + $15,000 expenses incident to position), to $163,000, effective April 1, 2003.

Director Wustenberg moved and Director Imeson seconded the motion to approve the recommendation as submitted. On roll call the following voted in favor of the motion:

4. **ADJOURNMENT**

   The Board meeting adjourned at 1:17 p.m.

Virginia L. Thompson  
Secretary of the Board

James T. Lussier  
President of the Board
1. **CALL TO ORDER/ROLL CALL**

President Lussier called the special meeting of the State Board of Higher Education to order at 10:04 a.m.

On roll call, the following Board members answered present:

- Kerry Barnett
- Don VanLuvanee
- Roger Bassett
- Erin Watari (via telephone)
- Tom Imeson
- Phyllis Wustenberg
- Leslie Lehmann
- Tim Young
- Jim Lussier

Absent: Bill Williams because of a business conflict and Geri Richmond because of a professional travel conflict.

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

**Others:** Dan Bernstine (PSU), Philip Conn (WOU), Phillip Creighton (EOU), Bill Danley (IFS), Martha Anne Dow (OIT), 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. **BOARD PRESIDENT’S REPORT**

President Lussier thanked Board members for making accommodations in their schedules to participate in a special meeting of the Board. He explained that the agenda for the meeting was so important that he felt it was important for the Board to meet face-to-face. “For quite awhile now, we have been getting discouraging information regarding our budget and the steps that are required to meet the directions from the Governor on the one hand, and service to the students, statewide, on the other. We are left with a lot of limited choices and that is what we will be addressing today. We will be processing some very complex information and attempting to provide guidance to the Chancellor and his staff in preparing for the upcoming Ways and Means Committee hearings that will begin on April 1st.”

Board members received an update on Eastern Oregon University and the decisions that will have to be made regarding selection of an interim president as well as organization of the Search Committee. President Lussier indicated that Roger Bassett, Tom Imeson, and he would be assisting Chancellor Jarvis in screening individuals for
the interim position and that the same individuals, with Roger Bassett serving as chair, would be working with the Search Committee for the permanent president.

Board Secretary Virginia Thompson introduced Marcia Stuart who has just been named Executive Assistant to the Board Secretary. Ms. Stuart previously held a similar position in the office of the Vice Chancellor for Finance and Administration and is very familiar with Board operations.

3. **IFS Report**

IFS President Bill Danley reminded the Board that at the February meeting he had mentioned the unintended consequences of the lack of funding to higher education and that he had attempted to convey the danger of damage to the infrastructure of the System. “Even if funding were to be restored, we would not have the same System. You already know that faculty members are asked to maintain national and international stature to achieve promotion and tenure, but are allowed to travel out-of-state only under very restrictive circumstances. You know that we are asked to maintain quality teaching, while our class sizes are growing, our teaching/advising load is increasing and our salaries and benefits are declining,” he continued.

He underscored again that the OUS faculty and IFS are committed to a campaign for positive and constructive legislative action, “including seeking new permanent revenue sources, creative short-term remedies, and energetic entrepreneurial activities. We vigorously support the OUS goals of the flexibility initiatives and maintenance of quality educational programs,” he emphasized.

In closing, Professor Danley said, “The faculty of Oregon’s universities supports our citizens’ right to expect a world class University System contributing to the economic well-being of the state; we support our students’ right to a quality, affordable education provided by a quality faculty with decent pay and adequate resources; and we appreciate the support of our OUS Board and university administration.” (The full text of Dr. Danley’s presentation can be found at in the Board’s Office)

4. **OSA Report**

Rachel Pilliod presented a report from the Oregon Student Association. Her primary focus was on the lack of financial resources on the part of students and the increased burden higher tuition would cause a large majority of students. “It is estimated that for every $150 increase in tuition, one percent of students are no longer able to attend higher education. The disparity between high-income and low-income participation rates is already staggering, so further tuition increases only make the problem worse,” she emphasized.

Ms. Pilliod went on to indicate that many states that have high tuition have an adequate student aid program to ensure that the lowest-income students are still able to attend higher education institutions. “In Oregon, as you well know, our need-based aid is severely underfunded and will barely fund half of all the eligible students next year.” Continuing, it was pointed out that because of the lack of aid programs to cover
increases in tuition, those increases in Oregon have a more severe impact on access and affordability. She acknowledged that the Board was being placed in a very difficult position regarding priorities and that students did not want to make it worse. “But the tuition increases proposed by most of our campuses are too high,” Ms. Pilliod concluded. (The full text of the OSA report is on file in the Board’s Office)

5. **CHANCELLOR’S REPORT**

Chancellor Jarvis reported that he and Board Secretary Virginia Thompson had visited Eastern Oregon University to discuss the processes for selection of an interim president, to solicit input from campus constituents regarding nominations for the position of interim president, and to outline the process and tentative time line for selection of the new president. Over 200 people from the campus participated in a series of discussion groups throughout the day.

A great deal of preparation is underway for OUS testimony to the Ways and Means Committee that begins April 1st. Board members, institution presidents, and others will be assisting in the presentations.

Finally, Chancellor Jarvis acknowledged the extraordinary work that is ongoing on the campuses and the excellence that is shown in numerous venues. He noted that the most recent issue of *Science Magazine*, on the Netwatch page, that sites maintained by two OUS institutions – OSU and PSU – were featured. “That is the first time I’ve ever seen two web sites featured from systems in which I work. I thought it was a remarkable testimony to great work going on by faculty, staff, and students.”

6. **OUS FUNDING PRIORITIES / REDUCTION ALTERNATIVES**

**DOCKET ITEM:**

**OUS Priorities 2003-2005 Budget**

<table>
<thead>
<tr>
<th>Program</th>
<th>% FUNDED</th>
<th>General Fund $</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Undergraduate Education</td>
<td>75%</td>
<td>270.00</td>
</tr>
<tr>
<td>2 Graduate Education</td>
<td>75%</td>
<td>121.00</td>
</tr>
<tr>
<td>3 Small School Funding</td>
<td>100%</td>
<td>24.70</td>
</tr>
<tr>
<td>4 Research</td>
<td>90%</td>
<td>11.50</td>
</tr>
<tr>
<td>5 Engineering (ETIC)</td>
<td>92%</td>
<td>20.00</td>
</tr>
<tr>
<td>6 OSU-Cascades</td>
<td>95%</td>
<td>6.50</td>
</tr>
<tr>
<td>7 Campus Public Service Programs</td>
<td>90%</td>
<td>6.60</td>
</tr>
<tr>
<td>8 Capital Construction</td>
<td>85%</td>
<td>10.60</td>
</tr>
<tr>
<td>9 Undergraduate Engineering/Technology</td>
<td>95%</td>
<td>4.00</td>
</tr>
<tr>
<td>10 Graduate Engineering</td>
<td>95%</td>
<td>3.20</td>
</tr>
<tr>
<td>11 Undergraduate Education</td>
<td>15%</td>
<td>51.50</td>
</tr>
<tr>
<td>12 Graduate Education</td>
<td>15%</td>
<td>22.80</td>
</tr>
</tbody>
</table>

The table reflects the program priority and a percentage of the state funds that would be retained at that level (i.e., #1 priority – undergraduate education reflects 75% of the state funding or $268 million).
The table reflects the program priority and a percentage of the state funds that would be retained at that level (i.e., #1 priority – undergraduate education reflects 75% of the state funding or $268 million).

<table>
<thead>
<tr>
<th></th>
<th>Program Name</th>
<th>Priority</th>
<th>Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Collaborative Programs (Nursing)</td>
<td>36%</td>
<td>0.13</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Fee Remission</td>
<td>50%</td>
<td>0.42</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Statewides Building Maintenance</td>
<td>85%</td>
<td>3.60</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Chancellor's Office Operations</td>
<td>90%</td>
<td>21.80</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>OCECS/(Sys College of Engineer/C.S.)</td>
<td>85%</td>
<td>4.90</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Systemwide Expenses</td>
<td>85%</td>
<td>12.20</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>WUE</td>
<td>75%</td>
<td>0.81</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Undergraduate Education</td>
<td>2%</td>
<td>7.20</td>
<td>11.9</td>
</tr>
<tr>
<td>21</td>
<td>Graduate Education</td>
<td>2%</td>
<td>3.20</td>
<td>5.1</td>
</tr>
<tr>
<td>22</td>
<td>Chancellor's Office Operations</td>
<td>2%</td>
<td>0.48</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Systemwide Expenses</td>
<td>5%</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>OSU-Cascades</td>
<td>5%</td>
<td>0.34</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Engineering (ETIC)</td>
<td>4%</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Research</td>
<td>6%</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>OCECS/(Sys College of Engineer/C.S.)</td>
<td>7%</td>
<td>0.41</td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>11.9</td>
</tr>
<tr>
<td>29</td>
<td>Graduate Education</td>
<td>2%</td>
<td>3.30</td>
<td>5.1</td>
</tr>
<tr>
<td>30</td>
<td>Capital Construction</td>
<td>7%</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Systemwide Expenses</td>
<td>5%</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Campus Public Service Programs</td>
<td>6%</td>
<td>0.40</td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Undergraduate Engineering/Technology</td>
<td>5%</td>
<td>0.21</td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Graduate Engineering</td>
<td>5%</td>
<td>0.16</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Statewides Building Maintenance</td>
<td>7.5%</td>
<td>0.30</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td>Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>11.9</td>
</tr>
<tr>
<td>37</td>
<td>Graduate Education</td>
<td>2%</td>
<td>3.20</td>
<td>5.1</td>
</tr>
<tr>
<td>38</td>
<td>OCECS/(Sys College of Engineer/C.S.)</td>
<td>4%</td>
<td>0.23</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Chancellor's Office Operations</td>
<td>4%</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>Research</td>
<td>4%</td>
<td>0.51</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Engineering (ETIC)</td>
<td>4%</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>42</td>
<td>Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>11.9</td>
</tr>
<tr>
<td>43</td>
<td>Graduate Education</td>
<td>2%</td>
<td>3.30</td>
<td>5.1</td>
</tr>
<tr>
<td>44</td>
<td>Campus Public Service Programs</td>
<td>4%</td>
<td>0.29</td>
<td></td>
</tr>
<tr>
<td>45</td>
<td>Capital Construction</td>
<td>8%</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>46</td>
<td>Systemwide Expenses</td>
<td>5%</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>47</td>
<td>Statewides Building Maintenance</td>
<td>7.5%</td>
<td>0.30</td>
<td></td>
</tr>
<tr>
<td>48</td>
<td>WUE</td>
<td>25%</td>
<td>0.27</td>
<td></td>
</tr>
<tr>
<td>49</td>
<td>Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>11.9</td>
</tr>
<tr>
<td>50</td>
<td>Graduate Education</td>
<td>2%</td>
<td>3.20</td>
<td>5.1</td>
</tr>
<tr>
<td>51</td>
<td>OCECS/(Sys College of Engineer/C.S.)</td>
<td>4%</td>
<td>0.23</td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>Chancellor's Office Operations</td>
<td>4%</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>53</td>
<td>Partnerships</td>
<td>100%</td>
<td>0.28</td>
<td></td>
</tr>
<tr>
<td>54</td>
<td>Collaborative Programs (Excl. Nursing)</td>
<td>64%</td>
<td>0.23</td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>Fee Remission</td>
<td>50%</td>
<td>0.41</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL:** 662.38 851
OUS Funding Priorities

Background

- **Framework for Review**
  - Legislature has requested information on priorities, reduction options, enrollment, and tuition
  - Seek Board review and decisions on:
    - Baseline QFI (cell value)
    - Tuition proposal—continuation of FY ’03 charges
    - Enrollment projections
    - Recommend a balanced approach on quality, access, and funding

- **System has identified 55 priorities**

- **Listing of priorities based on RAM programs**

- **Final priorities (20-55) represent the reduction priorities – last listed, first eliminated**

- **If asked to extract more than 10%, the remaining programs would be reassessed and reordered**

- **How are priorities established?**
  - Focus on access/quality/meeting state needs
  - Impact of prior biennial reductions – instructional programs were reduced at a lower level proportionally to targeted programs
  - Campus goals vary and program funding allocations have variable impacts
  - Enrollment and tuition strategies influence priority setting

- **What are the priorities?**
  - First three priorities comprise $415 million of $662 million in General Fund and focus on instruction and instructional support Programs divided into multiple priorities to better reflect relative value

- **Attempts to protect small school funding**

- **Limits OSU Cascades reductions**

- **Reduces instructional components on a proportional level**

- **Emphasis on engineering programs**
Funding through the Resource Allocation Model (RAM)

There are three components of the RAM: 1) enrollment driven (cells); 2) non-enrollment driven (targeted); and 3) performance funding. The following define the three components, with particular emphasis on the targeted programs.

I. Enrollment Driven Programs - $517.4 Million

The enrollment/peer based component of the OUS Resource Allocation Model supports 118,250 fundable FTE @ 72.19% cell values in the 2003-2005 biennium if funded at the Governor’s recommended level. Funding provides access primarily to undergraduate and graduate residents. Allocations are based on the number of students enrolled and the courses in which they are enrolled.

II. Targeted Programs – Non-enrollment Driven Funding Distributed to Campuses

The funding identified with each program is based on the Governor’s Recommended Budget

- Research–$12.8 million
  Incentive funding to attract additional sponsored research/supports campus research centers.

- Campus Public Services–$7.3 million
  Funding for institutional public service programs (i.e., PSU Center for Population Studies, SOU Public Radio, OSU Vet Diagnostic Laboratory, UO Labor Education Research Center, and Regional Services Institute at SOU/EOU)

- Statewide Public Service Programs (OSU)–$95.8 million
  Supports Agricultural Experiment Station, Extension Service, and Forestry Research Laboratory key components in OSU Land Grant Status.

- Small School Funding–$24.7 million
  Funding for EOU, OIT, SOU, and WOU. $20 million is intended to compensate for shortfalls derived from economy of scale; supports added funding when a university is below 7,500 FTE student threshold.
  - Access/Regional/Statewide - $4.7 million
    Support EOU, OIT, SOU, and WOU. Based on regional and mission-based demands.

- Engineering Funding
  - Oregon College of Engineering and Computer Sciences (OCECS)–$5.8 million.
    The statewide college acts as a broker and coordinator for engineering and computer science programs throughout the state.
ETIC/Top Tier—$21.8 million
Initiatives of 1) ETIC addresses significant demand for engineering and computer scientists, and 2) Top Tier seeks both growth and quality objectives focused in engineering programming.

Undergraduate Technology Programs (OIT)—$4.2 million
Rate supplement to address high cost of technology programs.

Graduate Engineering—$3.4 million
Rate supplement to address high cost of graduate engineering programs.

Systemwide Expenses—$14.3 million
Program Funds are distributed to campuses or services are paid by the Chancellor’s Office to appropriate agency or vendor on behalf of institutions.

Endowment Match
Assists participating campuses by providing General Fund match for endowments. A long-term commitment to campuses.

Faculty Diversity
Assists campuses by funding successful efforts in promoting faculty diversity.

ORBIS
Statewide library database that supports Oregon public and private universities. State funds and user fees support this network.

OWEN (Oregon Wide Area Network)
Statewide telecommunications system connecting universities, OHSU, K-12, and to the Department of Administrative Services.

Oregon Joint Professional School of Business
Support for business programs in international management at OSU, PSU, UO, and SOU.

Services to Students with Disabilities
Assists campuses with expenditures related to accommodating students with disabilities.

Southwestern Oregon University Center
Located in Coos Bay, the Center is an innovative partnership that includes multiple institutions and education sectors, and provides access to higher education services for adult career enhancement in Coos Bay.

Statewide Assessments
Assessments paid centrally on behalf of all campuses and the central office, such as the capital planning commission assessment, state controller’s assessment, budget and management assessment, director of DAS assessment, landscape maintenance assessment, mall plaza debt service assessment, IRMD Planning and Review, state mail, and the General Fund portion of the Secretary of State audit assessment—about 11 assessments in all.

WICHE Dues
Western Interstate Commission for Higher Education. OUS belongs with 15 Western member states and pays dues. This program is designed to encourage the sharing of educational programs among Western states. We support a number of Oregon residents that attend programs in other states or, for example, physical therapy students who attend Pacific University. Western Regional
Graduate program: on a space available basis, a few students who enter selected Oregon graduate programs receive a resident tuition.

DOJ Expenses
Expenses for Department of Justice services (e.g., administration of university agreements, purchases, sales [real estate], and provision of advice).

- Western Undergraduate Exchange—$1.1 million
  WUE is part of WICHE. Western Undergraduate Exchange program allows nonresident undergraduate students from participating states to enroll in selected OUS programs at tuition rates that are 150% of resident undergraduate rates (still substantially below that of nonresident undergraduate tuition rates). Allocations help to underwrite revenue to expense differential.

- Fee Remission Equity—$.83 million
  Provides an increment of funding per FTE for university fee remissions.

- OSU Cascades—$6.9 million
  Supports new OSU branch campus in Bend.

- OSU – Building Maintenance for the Statewides—$4.2 million
  Supports Oregon State University facilities in the Extension Service, Agricultural Experiment Station, and the Forestry Research Laboratory.

- Collaborative Programs—$.28 million
  Addresses inter-university programs, such as nursing, with OHSU, EOU/OSU.

- Partnerships—$.34 million
  Specific agreements between OUS and community colleges generally when located in same city/region.

- Debt Service (XI-G Bonds) —$21.9 million
  Funding of debt for State XI-G Bonds.

- Capital Construction/Deferred Maintenance—$12.5 million
  Allocation to campuses based on historical share of maintenance and minor construction demands.

- Chancellor’s Office—$24.2 million

Major components of the Chancellor’s Office include the following:

- The Chancellor and his immediate staff (3.0 FTE). The Chancellor serves as chief executive and administrative officer of the Oregon University System.

- The Office of Governmental Relations, located in Salem and Washington, DC, (4.0 FTE) provide liaison with the legislature.
The Office of the Board’s Secretary (3.0 FTE) provides staffing for the Board of Higher Education.

Deputy for Planning/Chief Information Officer

- The Deputy and immediate staff (4.0 FTE) provide System leadership in planning and information support to the Board and Chancellor.
- Systemwide Strategic planning encompasses efforts to connect planning and performance to System academic, administration and financial programs (2.0 FTE).
- Records Management (1.0 FTE) provides assistance primarily to departments and divisions of the OUS Chancellor’s Office in records storage and disposition, retention scheduling, and records analysis and identification.
- Information Technology Services (32.0 FTE) provides planning/policy and shared leadership of OUS information technology support with Finance and Administration.
- Institutional Research Services (6.3 FTE) provide analytic support and expertise for all units of the Chancellor’s Office and universities to aid in policy development, evaluation, and management.

The Office of Legal Affairs (5.6 FTE) provides general counsel services, risk management and contracting services to the Board and the universities.

Major components of the Office of Academic Affairs (27.65 FTE) include:

- The Senior Vice Chancellor for Academic Affairs and staff (12.10 FTE) provide staffing to the Board concerning performance and planning, diversity planning and projects, enrollment services, community college articulation, teachers, education and distance education, and high school relations. Academic Affairs oversees substantial grant programs that support:
  - The Proficiency-based Admissions Standards System (2.75 FTE) aligns college admission with Oregon’s statewide K-12 school improvement plan;
  - Japanese and International Language Programs (.80 FTE) improving cultural understanding through language education; and
  - Distance Education (1.0 FTE) provides distance-delivered degree and certificate programs available from OUS institutions.
  - OCECS/OCATE (11.0 FTE) provides support for statewide Engineering and Computer Science programs. Also coordinates ETIC/Top Tier programs and markets various instructional offerings through the Capital Center.

Major components of the Office of Finance and Administration (91 FTE) include:

- The Senior Vice Chancellor for Finance and Administration and staff (2.0 FTE) provide support to the Board concerning state and federal fiscal and administrative responsibilities.
♦ Budget and Management (9.0 FTE) provides biennial and annual budget planning, development, and operations, capital construction planning and budgets; and budget services to the campuses.
♦ Controller’s Office (31.0 FTE) provides services to the state, System, and campuses through financial accounting and reporting, treasury operations, payroll, and cash/debt/investment management.
♦ Information Technology Services (32.0 FTE) provides support to the System through applications development (support for the financial, human resources and other systems and telecommunications applications), strategic solutions (development and data warehousing), and technical support (Chancellor’s Office network and computer administration).
♦ Internal Audit Division (9.0) assists the System in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.
♦ Human Resources (8.0 FTE) provide support to the Chancellor’s Office and campuses for collective bargaining, and compensation and benefits.

Major components of the Office of Corporate and Public Affairs (5.60 FTE) include:

- This division is responsible for public policy relating to business and economic development strategies. The office provides outreach to key stakeholders, primarily Oregon businesses and industries, through its Business Alliances program. In addition, the office coordinates OUS’ public information, marketing, and media-relations activities.

**III. Performance Funding**

Funding specifically budgeted as an incentive for improvement in Board priority activities was suspended (unfunded) in 2001-2003 and remains unfunded in 2003-2005. The Board continues to measure university performance through indicators of access, persistence, quality, and cost effectiveness.
# OUS Reductions - 2003-2005 Budget
(Dollars in Millions)

## Higher Priority--First Eliminated

<table>
<thead>
<tr>
<th>Program</th>
<th>Percent Reduction</th>
<th>General Fund $</th>
<th>Estimate OFL Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Fee Remission</td>
<td>50%</td>
<td>0.41</td>
<td></td>
</tr>
<tr>
<td>2. Collaborative programs (Excl. Nursing)</td>
<td>64%</td>
<td>0.23</td>
<td></td>
</tr>
<tr>
<td>3. Partnerships</td>
<td>100%</td>
<td>0.28</td>
<td></td>
</tr>
<tr>
<td>4. Chancellor's Office Operations</td>
<td>4%</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>5. OCECS (Sys Coll. of Engineer/C.S.)</td>
<td>4%</td>
<td>0.23</td>
<td></td>
</tr>
<tr>
<td>6. Graduate Education</td>
<td>2%</td>
<td>3.20</td>
<td></td>
</tr>
<tr>
<td>7. Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>9.0</td>
</tr>
<tr>
<td>8. WUE</td>
<td>25%</td>
<td>0.27</td>
<td></td>
</tr>
</tbody>
</table>

2% Total

<table>
<thead>
<tr>
<th>Program</th>
<th>Percent Reduction</th>
<th>General Fund $</th>
<th>Estimate OFL Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Statewides Building Maintenance</td>
<td>7.5%</td>
<td>0.30</td>
<td></td>
</tr>
<tr>
<td>10. Systemwide Expenses</td>
<td>5%</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>11. Capital Construction</td>
<td>8.0%</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>12. Campus Public Service Programs</td>
<td>4%</td>
<td>0.29</td>
<td></td>
</tr>
<tr>
<td>13. Graduate Education</td>
<td>2%</td>
<td>3.30</td>
<td></td>
</tr>
<tr>
<td>14. Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>9.0</td>
</tr>
</tbody>
</table>

4% Total

<table>
<thead>
<tr>
<th>Program</th>
<th>Percent Reduction</th>
<th>General Fund $</th>
<th>Estimate OFL Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. Engineering/ETIC</td>
<td>4%</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>16. Research</td>
<td>4%</td>
<td>0.51</td>
<td></td>
</tr>
<tr>
<td>17. Chancellor's Office Operations</td>
<td>4%</td>
<td>0.97</td>
<td></td>
</tr>
<tr>
<td>18. OCECS (Sys Coll. of Engineer/C.S.)</td>
<td>4%</td>
<td>0.23</td>
<td></td>
</tr>
<tr>
<td>19. Graduate Education</td>
<td>2%</td>
<td>3.20</td>
<td></td>
</tr>
<tr>
<td>20. Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>10.0</td>
</tr>
</tbody>
</table>

6% Total

<table>
<thead>
<tr>
<th>Program</th>
<th>Percent Reduction</th>
<th>General Fund $</th>
<th>Estimate OFL Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Statewides Building Maintenance</td>
<td>7.5%</td>
<td>0.30</td>
<td></td>
</tr>
<tr>
<td>22. Graduate Engineering</td>
<td>5%</td>
<td>0.16</td>
<td></td>
</tr>
<tr>
<td>23. Undergraduate Engineering/Technology</td>
<td>5%</td>
<td>0.21</td>
<td></td>
</tr>
<tr>
<td>24. Campus Public Service Programs</td>
<td>6%</td>
<td>0.40</td>
<td></td>
</tr>
<tr>
<td>25. Systemwide Expenses</td>
<td>5%</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>26. Capital Construction</td>
<td>7%</td>
<td>0.80</td>
<td></td>
</tr>
<tr>
<td>27. Graduate Education</td>
<td>2%</td>
<td>3.30</td>
<td></td>
</tr>
<tr>
<td>28. Undergraduate Education</td>
<td>2%</td>
<td>7.30</td>
<td>11.0</td>
</tr>
</tbody>
</table>

8% Total

<table>
<thead>
<tr>
<th>Program</th>
<th>Percent Reduction</th>
<th>General Fund $</th>
<th>Estimate OFL Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>29. OCECS (Sys Coll. of Engineer/C.S.)</td>
<td>7%</td>
<td>0.41</td>
<td></td>
</tr>
<tr>
<td>30. Research</td>
<td>6%</td>
<td>0.77</td>
<td></td>
</tr>
<tr>
<td>31. Engineering/ETIC</td>
<td>4%</td>
<td>0.90</td>
<td></td>
</tr>
<tr>
<td>32. OSU Cascades</td>
<td>5%</td>
<td>0.34</td>
<td></td>
</tr>
<tr>
<td>33. Systemwide Expenses</td>
<td>5%</td>
<td>0.72</td>
<td></td>
</tr>
<tr>
<td>34. Chancellor's Office Operations</td>
<td>2%</td>
<td>0.48</td>
<td></td>
</tr>
<tr>
<td>35. Graduate Education</td>
<td>2%</td>
<td>3.20</td>
<td>23.0</td>
</tr>
<tr>
<td>36. Undergraduate Education</td>
<td>2%</td>
<td>7.20</td>
<td></td>
</tr>
</tbody>
</table>

10% Total

| TOTALS:                                      |                   | 66.12          | 62.0              |
OUS Reduction Alternatives

Background

- **How were reduction options determined?**
  - Connected to review/development of priorities
  - Connected to 2001-2003 biennial reductions
  - Intent to maintain access–but reductions to Governor’s Budget will limit capacity to support present students

- **Limits impact on:**
  - Cascades campus
  - Small school support
  - ETIC
  - Technology/graduate engineering

- **Undergraduate and graduate support reduced proportionally at each 2% increment**

- **Will diminish further state commitment relative to peer model as reflected in quality funding index**

- **The degree to which programs/services are restricted is dependent on 1) the magnitude of reduction and 2) the infusion of new tuition revenues**

- **2%—$13.4 million / 29.4% below peer median**
  - Eliminates partnerships—100%
  - Collaborative programs—64%
  - Fee Remission program—50%
  - Chancellor’s Office—4%
  - OCECS—4%
  - Undergraduate/graduate education—2%

- **4%—$26.5 million / 30.8% below peer median**
  - Western Undergraduate Exchange—25%
  - Capital construction–8%
  - Statewides building maintenance—7.5%
  - Systemwide expenses–5%
  - Campus public service programs–4%
  - Undergraduate/graduate education–2% (4%)
  *Number in ( ) indicates cumulative total

- **6%—$39.7 million / 32.3% below peer median**
  - Research–6%
  - Chancellor’s Office—4% (8%)
  - OCECS—4% (8%)
  - ETIC—4%
— Undergraduate/graduate education—2% (6%)
*Number in ( ) indicates cumulative total

8%—$53.0 million / 33.8% below peer median
— Statewides building maintenance—7.5% (15%)
— Capital construction—7% (15%)
— Campus public services programs—6% (10%)
— Undergraduate technology—5%
— Graduate engineering—5%
— Undergraduate/graduate education—2% (8%)
*Number in ( ) indicates cumulative total

10%—$66.2 million / 35.1% below peer median
— OCECS—7% (15%)
— OSU Cascades—5%
— Systemwide expenses—5% (10%)
— ETIC—4% (8%)
— Research—4% (10%)
— Chancellor’s Office—2% (10%)
— Undergraduate/graduate education—2% (10%)
*Number in ( ) indicates cumulative total

2003-2005 Budget Reduction Impact Statement
Education and General Programs

General Overview
The Oregon University System has been directed to identify $66.2 million in state General Fund reductions in the Education and General Program below the 2003-2005 Governor’s Recommended Budget in five increments of approximately $13 million each. This follows the 2001-2003 state General Fund reductions of $88.1 million or 10.6%. Of the University System services supported by state General Funds, approximately 50% is committed to direct instruction services. The remainder is dedicated to supporting the direct instruction services of the campus, supporting research development, and delivering direct services to the public and other state and local governmental agencies.

The budget reductions summarized below reflect these expenditure relationships. The reductions continue the progressively increasing shift of impact from instruction support and other non-instruction services to direct instruction services including enrollment loss. In addition to institution management reductions, cuts will also result in less and less access to advising, financial aid services, student employment opportunities, library and other office hours of service and ultimately to reduced course offerings and teaching faculty cut-backs. Individually, many of these reductions may seem insignificant, but when taken as a whole they result in a steady continued degradation of services to students and the community.
Two-Percent Reduction Increment @ $13.2 million reduction (29.5% below Peer Median):
Projected loss of students: 2,500
Projected loss of tuition: $8.9 million

Reductions within this increment are weighted toward non-instruction services. These include making permanent some of the administrative cost reductions of eliminating certain vacant positions and reducing various service and support budgets outside of the instruction function.

OCECS and the Chancellor’s Office will realize a 4% reduction. The Chancellor’s Office will continue to identify services in information technology, academic services, financial management, and other areas that must be eliminated. Various partnership and collaborative funding will be eliminated in favor of direct instructional programs.

The institution departments will continue to realize fewer support services, reduced business operations, and reduced facilities maintenance services.

The reductions will be felt by students through shorter hours in some business office operations serving students and probable reductions in student employment opportunities in some campus support service functions.

Four-Percent Reduction Increment @ $26.5 million reduction (30.8% below Peer Median):
Cumulative Projected loss of students: 4,900
Cumulative Projected loss of tuition: $17.9 million

The reductions in this increment will incorporate all the services already reduced in the two-percent increment in addition to further reductions in services. Again, at this level the emphasis is on minimizing reductions in direct instruction services.

The institution administrative services will continue to be reduced. This will occur through various means including extending vacancies and reorganization efforts to flatten organizations. It will also result in fewer support services to faculty, a continued degradation of facilities maintenance levels, reduced training and development for staff, restricted travel, and further reductions in a variety of business and human relations services to the campus.

Systemwide expenses including assessments for auditing, Department of Justice, regional library consortium, and others will have to be limited.

Students will experience more and more reductions in services. These will include further reductions in library hours, reductions in library book purchases, reductions in hours of various business offices, student services operations, and computer labs resulting in longer lines and non-accessible service hours, fewer advising and counseling services, and a continuing diminishment of custodial services to classrooms.
As some of these services are reduced, there will be further reductions in student employment opportunities. Additionally, students will begin experiencing larger class sizes as adjunct faculty are not hired to teach expanded sections of courses and perhaps some reductions of course offerings. Student fee remission programs will begin to be reduced.

The general public will begin to lose access to certain public service operations through reduced hours and possible elimination of some smaller public service programs. These services touch a wide array of individual and other public agency needs, in academic, cultural, social and economic areas.

At this level, cuts are beginning to be made to Academic Modernization and Repair (Capital Construction), reducing much needed deferred maintenance projects to instructional facilities.

**Six-Percent Reduction Increment @ $39.7 million reduction (32.3% below Peer Median):**

- Cumulative Projected loss of students: 7,400
- Cumulative Projected loss of tuition: $26.6 million

In addition to the service reductions noted earlier, at the 6% reduction increment it is no longer possible to protect direct instruction funding.

As institution administrative services are further reduced, the institutions will continue to freeze certain vacancies, eliminating staff positions and delay hiring certain faculty. There will be cut backs in a variety of management and support operations on each campus. Further reorganizations will occur as services are eliminated. At this level, additional business functions will be reduced, campus public safety services will be cut back, and technology services will be trimmed. The ability to maintain the institutions’ administrative systems of finance, student, and human resources will be impaired. Some offices will no longer be staffed full time. Recruitment services and admissions offices will begin experiencing reductions, making it more difficult for potential new students to get into OUS institutions.

Reductions will begin to be felt by the Engineering initiatives established in 1997-1999 resulting in cuts to instruction support to various engineering programs. The Engineering Technology Industry Council (ETIC) is charged with the responsibility to recommend how these monies are allocated.

Reductions in the Research support will result in fewer grant applications being developed, resulting in lost opportunities to compete for additional grant funding from federal, state and private grantors. At some campuses, there is an approximate 20:1 return on dollars expended on this mission of the institution. Reduced state funding will begin to result in lost research opportunities, which will ultimately lead to faculty leaving for other institutions to pursue their research. Graduate students will lose opportunities for research experience essential to their academic pursuits.
The Chancellor’s Office will realize an additional 4% reduction for a cumulative total of 8%. The office will have then sustained 21% reductions since 2001-2003 and must shift selected functions to the campuses. This shift to campuses, particularly regional universities, will likely cost more than is saved.

Students will begin to be negatively affected by cuts at this level as student services in advising, counseling, employment opportunities, and financial aid and other student assistance services are further reduced. Access to and needed services at libraries and computer laboratories will be increasingly difficult to receive. Library collections will be further degraded by additional reductions in book and periodical purchases. Special student enrichment programs will begin to be eliminated. Delays in filling tenure track faculty and/or eliminating faculty will require larger and larger class sizes. Course offerings will begin to be reduced. This may result in institutions losing students through inability to pursue desired degrees and a general degradation of the quality of interactions between student and faculty. Reduction in academic course offerings may contribute to students having to take a longer time to complete their education.

**Eight-Percent Reduction Increment @ $53.0 million reduction (33.8% below Peer Median):**

- Cumulative Projected loss of students: 9,800
- Cumulative Projected loss of tuition: $35.4 million

At the 8% reduction increment, the direct instruction services are reduced at publicly noticeable levels as degree programs begin to be terminated by institutions. Historically, this type of action has had a ripple effect on enrollment patterns that are felt throughout the OUS institutions for several years. Cuts in programs, resulting in reductions and/or foregone enrollment also result in loss of tuition income.

The continued erosion of institution administrative services will be felt throughout each of the institutions and the System. Reductions in business service functions affecting finance, student, and human resources systems operations will be extended. The results will begin to affect the ability of institution and System management to have reliable information on which to make decisions. Delays will occur in collection of student fees, processing of personnel actions, processing payroll distributions, processing purchasing activities and producing management information reports. More and more offices will experience staffing reductions, causing longer lines, less customer service, and shorter office hours. Cuts in mid-level management positions will reduce the ability to provide management information to campus decision makers.

The impact on campus public service operations will become more severe as more services are curtailed. With reductions at this level the public services historically provided by campuses will be noticeably reduced. Direct services to the public will likely impact a variety of services that will include: regional service institutes and small business development centers, museums, various cultural program services, campus radio station programming, the Veterinary Diagnostic Laboratory, the Center for
Population Research and Census, educational outreach programs, and many other community service programs.

At this level of reduction, students will be experiencing longer lines as business and student services are further reduced. They will have less and less academic advising and personal counseling services available. They will have fewer and fewer student employment opportunities as various administrative support budgets are further cut. They will have shorter hours available to use the campus libraries, fewer staff available to assist them, and fewer new books and periodicals to use as reference material. Campus grounds and classroom buildings will begin to show the affect of reduced maintenance and custodial services. Whether aware or not, students will have fewer campus security services to assist them. Most importantly, students will experience the loss of various degree programs, courses no longer being offered, and more crowded classrooms as the faculty to student ratio goes down.

Essential financial support to campuses providing graduate engineering programs and undergraduate engineering technology programs will be reduced, causing affected campuses to either reduce engineering instruction and support services or redirect funds from other instructional departments to offset the loss.

As students leave or choose not to attend institutions due to cut backs in degree programs and a general sense of degradation of campus services and environments the impact is compounded by the additional loss of tuition income. This is over and above the loss of federal grant revenues that will have been lost throughout the series of incremental reductions.

Further reductions to the Academic Modernization and Repair program, now totaling 15%, at this level results in further degradation of the building and facilities in which students and faculty meet.

**Ten-Percent Reduction Increment @ $66.15 million reduction (35.15% below Peer Median):**

- Cumulative Projected loss of students: 12,000
- Cumulative Projected loss of tuition: $43.2 million

The 10% reduction increment represents a further emphasis on reductions in instruction services, while at the same time continuing to reduce all other instruction support, research and other operations.

The institution departments will continue to see further erosion of administrative infrastructures and efficiency. Budgeted reserves will be reduced to levels making institutions vulnerable to unforeseen fiscal demands (as in the case of 2001-2003). Critical administrative and technical support systems will be reduced, impacting a wide array of business services that affect record keeping, business transaction processing, human resources support, campus safety, revenue collections, purchasing, and management information reporting. These cuts will create substantial workload...
increases on remaining staff. Continued cuts at this level simply exacerbate the situation initiated in the previous four increments.

Further cuts to the support of the engineering initiatives will delay achieving the goal of doubling the number of engineering graduates at OUS institutions and to assist OSU in becoming a Tier One engineering school. Engineering programs at institutions around the state will be curtailed. Private fund raising efforts, which have been successful in raising matching funds, will be challenged. Additional reductions of 7% in OCECS will limit the ability to market and expand engineering programming.

Reducing state support for the recently established branch campus in Central Oregon (the Cascades Campus) will further put at risk its ability to achieve the goals set in meeting the higher education needs of the region.

Continued reductions in research funding further reduces potential for new sponsored research dollars that are essential to attracting and retaining faculty at OUS institutions. Erosion of campuses’ abilities to compete for research funding erodes the reputations of the OUS institutions in the eyes of granting agencies and collaborating research faculty at other institutions. As support for research is further reduced the impact on institutions ability to generate outside funding for research is diminished. Faculty who are dependent upon research funding to help underwrite their salaries and for professional and academic advancement will begin leaving the system in greater numbers toward institutions elsewhere in which more support for research is sustained. The loss of research faculty simultaneously eliminates critical teaching faculty as they are generally expected to engage in both of these activities.

An additional 5% reduction in Systemwide expenses effect a 15% reduction and substantially eliminate selected programs.

Students will be significantly impacted by general fund reductions at the 10% increment. Substantial faculty cuts, and degree program eliminations and increasingly crowded classrooms will change the educational environment in ways that will cause more and more students to leave the University System for private or out-of-state institutions. Substantial reductions will have occurred by this increment in numerous services to students that will change the nature of the institutions.

The reduction of degree programs and the resulting declines in enrollment creates a chilling effect on future enrollment that impacts the System for five to seven years for each year in which cuts take place. The Oregon University System took almost ten years to recover the enrollment levels lost through budget reductions experienced in the 1990s resulting from the Measure 5 passage. The cuts required by this increment could have similar effects on OUS enrollment for years to come.
7. **Tuition for 2003-2005**

**DOCKET ITEM:**

**OREGON UNIVERSITY SYSTEM**
Summary Effective and Proposed Annual Tuition Rates
2001-02 through 2004-05

<table>
<thead>
<tr>
<th>Instn</th>
<th>Annual Tuition 01-02</th>
<th>% Incr 01-02 to 02-03</th>
<th>@Spring 2003 Annualized*</th>
<th>% Incr 02-03 to 03-04</th>
<th>Annual Tuition 03-04</th>
<th>% Incr 03-04 to 04-05</th>
<th>Annual Tuition 04-05</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>$2,409</td>
<td>24.8%</td>
<td>$3,006</td>
<td>3.2%</td>
<td>$3,102</td>
<td>10.0%</td>
<td>$3,412</td>
</tr>
<tr>
<td>OIT</td>
<td>$2,697</td>
<td>19.7%</td>
<td>$3,228</td>
<td>3.3%</td>
<td>$3,333</td>
<td>9.0%</td>
<td>$3,633</td>
</tr>
<tr>
<td>OSU</td>
<td>$2,802</td>
<td>19.8%</td>
<td>$3,357</td>
<td>4.0%</td>
<td>$3,492</td>
<td>5.0%</td>
<td>$3,667</td>
</tr>
<tr>
<td>PSU</td>
<td>$2,808</td>
<td>15.8%</td>
<td>$3,240</td>
<td>0.0%</td>
<td>$3,240</td>
<td>8.0%</td>
<td>$3,499</td>
</tr>
<tr>
<td>SOU</td>
<td>$2,628</td>
<td>15.5%</td>
<td>$3,036</td>
<td>3.2%</td>
<td>$3,132</td>
<td>12.2%</td>
<td>$3,515</td>
</tr>
<tr>
<td>UO**</td>
<td>$2,802</td>
<td>23.9%</td>
<td>$3,471</td>
<td>2.0%</td>
<td>$3,540</td>
<td>12.0%</td>
<td>$3,965</td>
</tr>
<tr>
<td>WOU</td>
<td>$2,622</td>
<td>14.4%</td>
<td>$3,000</td>
<td>8.0%</td>
<td>$3,240</td>
<td>6.0%</td>
<td>$3,434</td>
</tr>
</tbody>
</table>

* 2002-03 reflects the per-term rate for Spring 2003 with surcharges times three terms.

** 2002-03 and beyond, UO students may enroll for classes with tuition rates discounted 15% per credit hour and effectively lower their tuition payments below the stated amount. The 2002-03 increase could be as low as 20%.
## 2002-03 Resident Undergraduate Tuition and Fees

Among Peer Universities on List Shared by OSU, PSU, and UO

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institution</th>
<th>State</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>1-Year Percent Change</th>
<th>2-Year Percent Change</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University of Illinois at Chicago</td>
<td>IL</td>
<td>4,800</td>
<td>5,620</td>
<td>6,592</td>
<td>17.3%</td>
<td>37.3%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Purdue University Main Campus</td>
<td>IN</td>
<td>3,872</td>
<td>4,164</td>
<td>5,580</td>
<td>34.0%</td>
<td>44.1%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Indiana University at Bloomington</td>
<td>IN</td>
<td>4,405</td>
<td>4,734</td>
<td>5,315</td>
<td>12.3%</td>
<td>20.7%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>SUNY at Buffalo</td>
<td>NY</td>
<td>4,715</td>
<td>4,815</td>
<td>4,850</td>
<td>0.7%</td>
<td>2.9%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>University of California-Davis</td>
<td>CA</td>
<td>4,072</td>
<td>4,595</td>
<td>4,765</td>
<td>3.7%</td>
<td>17.0%</td>
<td>includes $135 spring increase</td>
</tr>
<tr>
<td>6</td>
<td>University of Oregon</td>
<td>OR</td>
<td>3,819</td>
<td>4,071</td>
<td>4,704</td>
<td>15.5%</td>
<td>23.2%</td>
<td>includes $314 winter and spring surcharges</td>
</tr>
<tr>
<td>7</td>
<td>University of Washington-Seattle</td>
<td>WA</td>
<td>3,761</td>
<td>3,983</td>
<td>4,636</td>
<td>16.4%</td>
<td>23.3%</td>
<td>includes $35 winter and spring increase</td>
</tr>
<tr>
<td>8</td>
<td>Indiana U/Purdue U at Indianapolis</td>
<td>IN</td>
<td>3,881</td>
<td>4,171</td>
<td>4,537</td>
<td>8.8%</td>
<td>16.9%</td>
<td>includes $35 winter and spring increase</td>
</tr>
<tr>
<td>9</td>
<td>University of California Santa-Barbara</td>
<td>CA</td>
<td>3,832</td>
<td>4,300</td>
<td>4,506</td>
<td>4.8%</td>
<td>17.6%</td>
<td>includes $135 spring increase</td>
</tr>
<tr>
<td>10</td>
<td>University of Wisconsin-Milwaukee</td>
<td>WI</td>
<td>3,761</td>
<td>4,054</td>
<td>4,353</td>
<td>7.4%</td>
<td>15.7%</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Oregon State University</td>
<td>OR</td>
<td>3,654</td>
<td>3,987</td>
<td>4,328</td>
<td>8.6%</td>
<td>18.4%</td>
<td>includes $314 winter and spring surcharges</td>
</tr>
<tr>
<td>12</td>
<td>University of Iowa</td>
<td>IA</td>
<td>3,204</td>
<td>3,522</td>
<td>4,191</td>
<td>19.0%</td>
<td>30.8%</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Portland State University</td>
<td>OR</td>
<td>3,525</td>
<td>3,720</td>
<td>4,125</td>
<td>10.9%</td>
<td>17.0%</td>
<td>includes $240 winter and spring surcharges</td>
</tr>
<tr>
<td>14</td>
<td>Iowa State University</td>
<td>IA</td>
<td>3,132</td>
<td>3,442</td>
<td>4,110</td>
<td>19.4%</td>
<td>31.2%</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>North Carolina State University</td>
<td>NC</td>
<td>2,814</td>
<td>3,302</td>
<td>3,827</td>
<td>15.9%</td>
<td>36.0%</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>University of North Carolina at Chapel of Hill</td>
<td>NC</td>
<td>2,768</td>
<td>3,277</td>
<td>3,826</td>
<td>16.8%</td>
<td>38.2%</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>University of Memphis</td>
<td>TN</td>
<td>3,087</td>
<td>3,470</td>
<td>3,704</td>
<td>6.7%</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>University of Colorado Boulder</td>
<td>CO</td>
<td>3,188</td>
<td>3,357</td>
<td>3,566</td>
<td>6.2%</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>University of Arizona</td>
<td>AZ</td>
<td>2,348</td>
<td>2,490</td>
<td>2,593</td>
<td>4.1%</td>
<td>10.4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Average (without OUS universities)</td>
<td></td>
<td>3,603</td>
<td>3,956</td>
<td>4,434</td>
<td>12.1%</td>
<td>23.4%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Oregon State University % of average</td>
<td></td>
<td>101.4%</td>
<td>100.8%</td>
<td>97.6%</td>
<td>70.7%</td>
<td>78.9%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Portland State University % of average</td>
<td></td>
<td>97.8%</td>
<td>94.0%</td>
<td>93.0%</td>
<td>90.0%</td>
<td>72.8%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>University of Oregon % of average</td>
<td></td>
<td>106.0%</td>
<td>102.9%</td>
<td>106.1%</td>
<td>128.6%</td>
<td>99.1%</td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** The rates noted may be reduced through late afternoon classes time-of-day discount that reduces the per-credit hour cost by 15% for each discounted hour.

Source: IPEDS Institutional Characteristics Survey, Published In-State Tuition and Fees
### 2002-03 Resident Undergraduate Tuition and Fees

**Among Peer Universities on List Shared by EOU, SOU, and WOU**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institution</th>
<th>State</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>1-Year Percent Change</th>
<th>2-Year Percent Change</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Plymouth State College</td>
<td>NH</td>
<td>5,314</td>
<td>5,550</td>
<td>5,856</td>
<td>5.5%</td>
<td>10.2%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>University of Michigan-Flint</td>
<td>MI</td>
<td>3,916</td>
<td>4,328</td>
<td>4,752</td>
<td>9.8%</td>
<td>21.3%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>SUNY College at Fredonia</td>
<td>NY</td>
<td>4,225</td>
<td>4,275</td>
<td>4,373</td>
<td>2.3%</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Eastern Oregon University</td>
<td>OR</td>
<td>3,387</td>
<td>3,621</td>
<td>4,053</td>
<td>11.9%</td>
<td>19.7%</td>
<td>includes $375 winter and spring surcharge</td>
</tr>
<tr>
<td>5</td>
<td>Southeast Missouri State University</td>
<td>MO</td>
<td>3,390</td>
<td>3,525</td>
<td>4,035</td>
<td>14.5%</td>
<td>19.0%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Mary Washington College</td>
<td>VA</td>
<td>3,246</td>
<td>3,340</td>
<td>3,934</td>
<td>17.8%</td>
<td>21.2%</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Western Oregon University</td>
<td>OR</td>
<td>3,342</td>
<td>3,660</td>
<td>3,920</td>
<td>7.1%</td>
<td>17.3%</td>
<td>includes $200 winter and spring surcharge</td>
</tr>
<tr>
<td>8</td>
<td>Southern Oregon University</td>
<td>OR</td>
<td>3,369</td>
<td>3,555</td>
<td>3,847</td>
<td>8.2%</td>
<td>14.2%</td>
<td>includes $160 winter and spring surcharge</td>
</tr>
<tr>
<td>9</td>
<td>University of Wisconsin-Parkside</td>
<td>WI</td>
<td>3,090</td>
<td>3,292</td>
<td>3,532</td>
<td>7.3%</td>
<td>14.3%</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Eastern Washington University</td>
<td>WA</td>
<td>2,790</td>
<td>3,150</td>
<td>3,357</td>
<td>6.6%</td>
<td>20.3%</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Southern Utah University</td>
<td>UT</td>
<td>2,066</td>
<td>2,194</td>
<td>2,350</td>
<td>7.1%</td>
<td>13.7%</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Fort Hays State University</td>
<td>KS</td>
<td>2,182</td>
<td>2,217</td>
<td>2,328</td>
<td>5.0%</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>California State University-Stanislaus</td>
<td>CA</td>
<td>1,828</td>
<td>1,875</td>
<td>2,081</td>
<td>11.0%</td>
<td>13.8%</td>
<td></td>
</tr>
</tbody>
</table>

**Average (without OUS universities)**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institution</th>
<th>State</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>1-Year Percent Change</th>
<th>2-Year Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Eastern Oregon University % of average</td>
<td>OR</td>
<td>105.7%</td>
<td>107.3%</td>
<td>110.7%</td>
<td>137.4%</td>
<td>136.4%</td>
</tr>
<tr>
<td>2</td>
<td>Southern Oregon University % of average</td>
<td>OR</td>
<td>105.1%</td>
<td>105.3%</td>
<td>105.1%</td>
<td>94.6%</td>
<td>98.4%</td>
</tr>
<tr>
<td>3</td>
<td>Western Oregon University % of average</td>
<td>OR</td>
<td>104.3%</td>
<td>108.5%</td>
<td>107.1%</td>
<td>81.8%</td>
<td>120.0%</td>
</tr>
</tbody>
</table>

Source: IPEDS Institutional Characteristics Survey, Published In-State Tuition and Fees
### 2002-03 Resident Undergraduate Tuition and Fees
#### Among Peer Universities on OIT List

<table>
<thead>
<tr>
<th>Rank</th>
<th>Institution</th>
<th>State</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>1-Year Percent Change</th>
<th>2-Year Percent Change</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Purdue University North Central</td>
<td>IN</td>
<td>3,340</td>
<td>3,590</td>
<td>4,486</td>
<td>25.0%</td>
<td>34.3%</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>SUNY College of Technology at Alfred</td>
<td>NY</td>
<td>3,940</td>
<td>3,990</td>
<td>4,314</td>
<td>8.1%</td>
<td>9.5%</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Oregon Institute of Technology</td>
<td>OR</td>
<td>3,459</td>
<td>3,672</td>
<td>4,143</td>
<td>12.8%</td>
<td>19.8%</td>
<td>includes $240 winter and spring surcharges</td>
</tr>
<tr>
<td>4</td>
<td>East Tennessee State University</td>
<td>TN</td>
<td>2,759</td>
<td>3,119</td>
<td>3,311</td>
<td>6.2%</td>
<td>20.0%</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>West Virginia University Institute of Technology</td>
<td>WV</td>
<td>2,730</td>
<td>2,646</td>
<td>3,112</td>
<td>17.6%</td>
<td>14.0%</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Western Carolina University</td>
<td>NC</td>
<td>2,260</td>
<td>2,243</td>
<td>2,769</td>
<td>23.5%</td>
<td>22.5%</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>University of Southern Colorado</td>
<td>CO</td>
<td>2,346</td>
<td>2,450</td>
<td>2,620</td>
<td>6.9%</td>
<td>11.7%</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Pittsburg State University</td>
<td>KS</td>
<td>2,260</td>
<td>2,338</td>
<td>2,534</td>
<td>8.4%</td>
<td>12.1%</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Southern Polytechnic State University</td>
<td>GA</td>
<td>2,278</td>
<td>2,374</td>
<td>2,452</td>
<td>3.3%</td>
<td>7.6%</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Weber State University</td>
<td>UT</td>
<td>2,118</td>
<td>2,252</td>
<td>2,426</td>
<td>7.7%</td>
<td>14.5%</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>University of Houston - Downtown</td>
<td>TX</td>
<td>2,006</td>
<td>2,006</td>
<td>2,222</td>
<td>10.8%</td>
<td>10.8%</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>California State Polytechnic University - Pomona</td>
<td>CA</td>
<td>1,795</td>
<td>1,795</td>
<td>1,795</td>
<td>0.0%</td>
<td>0.0%</td>
<td></td>
</tr>
</tbody>
</table>

Average (without OUS universities) 2,530 2,618 2,913 10.7% 14.3%

Oregon Institute of Technology % of average 136.7% 140.2% 142.2% 120.2% 138.5%

Source: IPEDS Institutional Characteristics Survey, Published In-State Tuition and Fees
<table>
<thead>
<tr>
<th>STATE</th>
<th>PEER INSTITUTIONS</th>
<th>TUITION PROPOSALS</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>ARIZONA</td>
<td>UNIVERSITY OF ARIZONA</td>
<td>President's preliminary proposal: $1000 increase for in-state undergraduates, $1250 increase for out-of-state undergraduates and resident graduate students, and $1500 increase for out-of-state graduate students. The President is required to release his proposal for raising tuition by February 3. The Board of Regents will vote on the increase in March. Compared to 2002-03 rates, the proposed tuition hikes represent increases of 38.6% for resident undergraduates, 48.2% for resident graduates, 11.2% for non-resident undergraduates, and 13.5% for resident graduates.</td>
<td>Arizona Daily Wildcat Online January 30, 2003 <a href="http://wildcat.arizona.edu">http://wildcat.arizona.edu</a></td>
</tr>
<tr>
<td>CALIFORNIA</td>
<td>UC DAVIS</td>
<td>Governor's budget proposal: $795 increase per year for resident undergraduates, $855 per year for resident graduate students, and more for some professional school students. The proposal will be voted on by the Board of Regents in Spring 2003. Mandatory Systemwide student fees have already increased by $135 per term ($405 per year), to begin during the spring 2003 academic term. The increases are equivalent to an annualized 11.8% increase for undergraduates and 11.2% for graduates. The last time mandatory Systemwide fees were raised was in 1994-95.</td>
<td>Office of the President News Room January 10, 2003</td>
</tr>
<tr>
<td></td>
<td>UC SANTA BARBARA</td>
<td>Governor's budget proposal: 25% increase ($395 per year) for undergraduates. In December 2002, the Board of Trustees approved a 10% increase ($72 per semester) for undergraduates and 15% increase ($114 or $124 per semester?) for graduates, to become effective winter/spring term 2003. Tuition in California has not been increased since 1994.</td>
<td><a href="http://www.dailyaztec.com">www.dailyaztec.com</a> (December 9 &amp; 12, 2002) Trustees of the California State University Resolution (December 16, 2002)</td>
</tr>
<tr>
<td></td>
<td>CSU STANISLAUS</td>
<td>Governor's budget proposal: 25% increase ($395 per year) for undergraduates. In December 2002, the Board of Trustees approved a 10% increase ($72 per semester) for undergraduates and 15% increase ($114 or $124 per semester?) for graduates, to become effective winter/spring term 2003. Tuition in California has not been increased since 1994.</td>
<td><a href="http://www.dailyaztec.com">www.dailyaztec.com</a> (December 9 &amp; 12, 2002) Trustees of the California State University Resolution (December 16, 2002)</td>
</tr>
<tr>
<td></td>
<td>CSU SAN DIEGO STATE</td>
<td>Governor's budget proposal: 25% increase ($395 per year) for undergraduates. In December 2002, the Board of Trustees approved a 10% increase ($72 per semester) for undergraduates and 15% increase ($114 or $124 per semester?) for graduates, to become effective winter/spring term 2003. Tuition in California has not been increased since 1994.</td>
<td><a href="http://www.dailyaztec.com">www.dailyaztec.com</a> (December 9 &amp; 12, 2002) Trustees of the California State University Resolution (December 16, 2002)</td>
</tr>
<tr>
<td></td>
<td>CSU CAL POLY POMONA</td>
<td>Governor's budget proposal: 25% increase ($395 per year) for undergraduates. In December 2002, the Board of Trustees approved a 10% increase ($72 per semester) for undergraduates and 15% increase ($114 or $124 per semester?) for graduates, to become effective winter/spring term 2003. Tuition in California has not been increased since 1994.</td>
<td><a href="http://www.dailyaztec.com">www.dailyaztec.com</a> (December 9 &amp; 12, 2002) Trustees of the California State University Resolution (December 16, 2002)</td>
</tr>
<tr>
<td>COLORADO</td>
<td>UNIVERSITY OF COLORADO (BOULDER)</td>
<td>Colorado universities have been struggling with tuition limitations imposed by TABOR, the Taxpayer's Bill of Rights. Both the Governor's Office and the Colorado Commission on Higher Education (CCHE) have proposed a 1.8% increase in resident and non-resident tuition (except for Colorado</td>
<td><a href="http://www.colorado.edu/">www.colorado.edu/</a> Faculty/Governance Summary of Governor's Blue</td>
</tr>
<tr>
<td>STATE</td>
<td>PEER INSTITUTIONS</td>
<td>TUITION PROPOSALS</td>
<td>SOURCE</td>
</tr>
<tr>
<td>-------</td>
<td>------------------</td>
<td>-------------------</td>
<td>--------</td>
</tr>
<tr>
<td>COLORADO STATE UNIVERSITY</td>
<td>School of Mines). CCHE's proposal includes a caveat that if any tuition increases are approved by the General Assembly in excess of 1.8%, then the general fund for the institutions that benefit will be reduced on a dollar for dollar basis. On January 10, 2003, the Governor's Blue Ribbon Panel on Higher Education approved a final report whose recommendations include greater tuition flexibility and “tuition increase of up to 5% for 4-year institutions for implementation of the model over and above any other allowed tuition increases.” Legislative response is uncertain. For 2002-03, the General Assembly, CCHE, and higher education officials worked closely to allow some flexibility and the Colorado State University Board of Governors approved a 6.2% tuition increase for in-state students and 9% increase for non-residents.</td>
<td>Ribbon Panel on HE. Jan 14, 2003. <a href="http://www.colorado.edu/Staff">www.colorado.edu/Staff</a> Council Joint Boards Comm. Briefing on HE Budget Nov 16, 2002 pres.colostate.eduOffice of the President Monthly Letter September 2002.</td>
<td></td>
</tr>
<tr>
<td>UNIVERSITY OF SOUTHERN COLORADO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INDIANA</td>
<td>INDIANA UNIVERSITY (BLOOMINGTON)</td>
<td>There has been a budget freeze in Indiana that could cause a tuition increase at IU. Governor O'Bannon did not announce any new cuts but IU is still feeling the effects of last year's $100 million cut. IU will be lobbying to prevent a tuition increase. Tuition has increased by 6.5% and 9% over the past two years. In June 2002, the Board of Trustees approved a Commitment to Excellence Tuition Program that assesses an additional $1,000 for students at the Bloomington campus, effective fall 2003. Funds from this program are dedicated to supporting excellence in academic programs. Trustees will decide on any tuition increase for 2003-04 between April and June. A previously reported potential 19% increase in freshman tuition includes the freshman fee announced in summer 2002.</td>
<td>idsnews.com January 15-16, 2003 <a href="http://www.idsnews.com">www.idsnews.com</a></td>
</tr>
<tr>
<td>PURDUE UNIVERSITY (MAIN CAMPUS AND NORTH CENTRAL)</td>
<td>5-year strategic plan adopted by the Board of Trustees includes a $1,000 fee increase ($500 per semester) to first time Purdue students (Main Campus), effective fall 2002 semester.</td>
<td>Purdue University Bursar Office January 23, 2003 <a href="http://www.adpc.purdue.edu">www.adpc.purdue.edu</a></td>
<td></td>
</tr>
<tr>
<td>INDIANA UNIVERSITY-PURDUE UNIVERSITY INDIANAPOLIS</td>
<td>In June 2002, the Board of Trustees of Indiana University approved a Commitment to Excellence Tuition Program that assesses an additional $800 for students at IUPUI, effective fall 2003. Funds from this program are dedicated to supporting excellence in academic programs. An additional $26.67 per credit hour will be assessed in addition to the regular undergraduate rate (resident or non-resident). The regular credit hour rate will be determined by May 2003.</td>
<td>IUPUI Burdar New Fall 2003 Fee Increment for IUPUI <a href="http://www.bursar.iupui.edu">www.bursar.iupui.edu</a></td>
<td></td>
</tr>
<tr>
<td>STATE</td>
<td>PEER INSTITUTIONS</td>
<td>TUITION PROPOSALS</td>
<td>SOURCE</td>
</tr>
<tr>
<td>-------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>--------</td>
</tr>
<tr>
<td>IOWA</td>
<td>UNIVERSITY OF IOWA</td>
<td>In January 2003, the state Board of Regents approved a 17.6% tuition increase, the third-straight double-digit tuition hike for public university students in Iowa. Tuition will increase $650 for in-state students and $1300 for non-residents for 2003-04. In addition, students will have to pay a $152 increase in mandatory students fees. Over the past three years, UI tuition has increased by nearly 50%.</td>
<td>Online Edition The Daily Iowan January 8, 2003 <a href="http://www.dailyiowan.com">www.dailyiowan.com</a></td>
</tr>
<tr>
<td></td>
<td>IOWA STATE UNIVERSITY</td>
<td></td>
<td>Iowa State University January 23, 2003 <a href="http://www.iastate.edu">www.iastate.edu</a></td>
</tr>
<tr>
<td>KANSAS</td>
<td>PITTSBURG STATE UNIVERSITY</td>
<td>Recommendation to the Kansas Board of Regents from the PSU Tuition Committee: 11.5% tuition increase in all categories for the fall semester, translating into an additional $100 for an undergraduate taking 15 hours.</td>
<td>A Message to All Current and Incoming Students from President Tom Bryant</td>
</tr>
<tr>
<td>MICHIGAN</td>
<td>UNIVERSITY OF MICHIGAN (MAIN CAMPUS AND FLINT)</td>
<td>Newly sworn in regents’ highest priority is to address budget cuts without having to increase tuition. They believe that tuition increases should be a last resort. In its most recent budget the University increased tuition by 7.9%.</td>
<td>The Michigan Daily Online January 3, 2003 michigandaily.com</td>
</tr>
<tr>
<td></td>
<td>MICHIGAN STATE UNIVERSITY</td>
<td>A tuition hike for spring 2003 is unlikely, according to MSU officials, but they are not making promises for 2003-04. MSU has raised tuition by 4.6% each year for the past nine years. Currently, MSU is lobbying the state to correct a funding disparity among major universities in Michigan. MSU's Board of Trustees, in a 2003-04 appropriation request adopted in October 2002, called on the state to provide about $1,000 more per student in state funding. For 2002-03, the state gave $11,119 per student to Wayne State Univ., $9,819 to the Univ. of Michigan, and $8,137 to MSU.</td>
<td>The State News, MSU's Independent Voice, January 23, 2003 <a href="http://www.statenews.com">www.statenews.com</a></td>
</tr>
<tr>
<td>NEW YORK</td>
<td>SUNY BUFFALO</td>
<td>SUNY Board of Trustees proposal: 41% increase ($1400 per year) for resident undergraduates, making 2003-04 tuition $4,800 ($5,700 with fees). The proposal will be reviewed by Governor Pataki and the state Legislature. SUNY last raised tuition in 1995 ($750), resulting in a 5% drop in enrollment over two years. Over the past seven years, SUNY's tuition and fees have risen 13%.</td>
<td>The New York Times January 17, 2003</td>
</tr>
<tr>
<td></td>
<td>SUNY COLLEGE AT FREDONIA</td>
<td></td>
<td>SUNY News January 17, 2003</td>
</tr>
<tr>
<td></td>
<td>SUNY COLLEGE OF TECHNOLOGY AT ALFRED</td>
<td></td>
<td></td>
</tr>
<tr>
<td>STATE</td>
<td>PEER INSTITUTIONS</td>
<td>TUITION PROPOSALS</td>
<td>SOURCE</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
</tr>
<tr>
<td>NORTH CAROLINA</td>
<td>UNIVERSITY OF NORTH CAROLINA</td>
<td>On January 10, the UNC Board of Governors imposed a tuition freeze for 2003-04, citing hardships created by tuition increases in each of the three previous years. Carolina's Task Force on Tuition, on the other hand, almost unanimously supported a three-year plan implementing a campus-based tuition increase of $350 per year. The issue now rests with the NC General Assembly.</td>
<td>University Gazette Online January 22, 2003 <a href="http://gazette.unc.edu">http://gazette.unc.edu</a></td>
</tr>
<tr>
<td></td>
<td>NORTH CAROLINA STATE UNIVERSITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>WESTERN CAROLINA UNIVERSITY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OHIO</td>
<td></td>
<td>Governor's proposal: Reinstatement of tuition caps. Tuition increases would be limited to 6% for all public colleges in Ohio, except for Ohio State University, whose cap of 9% would allow them to catch up with tuition levels at public colleges throughout the state. Under the proposal, other 4-year public colleges with tuition levels below those of their in-state peers would be allowed to charge a $300 fee to incoming students. Tuition caps of 6%, in place since 1989, were lifted in 2001. Colleges increased tuition by an average of 8% for 2001-02, and some implemented two-tier schedules for 2002-03, charging new students higher increases than returning students (18% and 9%, respectively, at Ohio State).</td>
<td>The Chronicle of Higher Education January 28, 2003</td>
</tr>
<tr>
<td>UTAH</td>
<td>SOUTHERN UTAH UNIVERSITY</td>
<td>In November 2002, university officials announced a proposed second-tier tuition hike for the 2003-04 academic year that would increase tuition between $161 and $179 (17% - 19%) per semester. This is on top of the Board of Regents-approved first tier hike of 4.5%, which is an extra $43 this semester. The University of Utah (not a peer institution) is anticipating a 9% to 11% tuition increase for 2003-04, according to a recent, informal NASULGC survey on mid-year tuition increases.</td>
<td>Southern Utah University press release November 20, 2002 <a href="http://www.suu.edu/news">www.suu.edu/news</a></td>
</tr>
<tr>
<td>WASHINGTON</td>
<td>UNIVERSITY OF WASHINGTON (SEATTLE)</td>
<td>Governor's proposal (December 2002): Two consecutive 9% tuition increases for resident undergraduates. General agreement among legislators that there will be tuition increases.</td>
<td>The UW Daily Online January 22, 2003 <a href="http://thedaily.washington.edu">http://thedaily.washington.edu</a></td>
</tr>
<tr>
<td></td>
<td>EASTERN WASHINGTON UNIVERSITY</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
8. **ENROLLMENT PLANNING**

**DOCKET ITEM:**

**Oregon University System**
Comparison of 2003-05 Funded FTE with Projected Fundable FTE*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2001-02 &amp; 2002-03</td>
<td>2002-03 doubled</td>
<td>2003-05</td>
<td>to 2002-03 doubled</td>
</tr>
<tr>
<td>EOU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>4,705</td>
<td>4,872</td>
<td>5,600</td>
<td>728</td>
</tr>
<tr>
<td>Graduate</td>
<td>464</td>
<td>464</td>
<td>566</td>
<td>102</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>5,169</td>
<td>5,336</td>
<td>6,166</td>
<td>830</td>
</tr>
<tr>
<td>OIT</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>4,440</td>
<td>4,546</td>
<td>4,528</td>
<td>(18)</td>
</tr>
<tr>
<td>Graduate</td>
<td>4</td>
<td>2</td>
<td>-</td>
<td>(2)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>4,444</td>
<td>4,548</td>
<td>4,528</td>
<td>(20)</td>
</tr>
<tr>
<td>OSU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>25,171</td>
<td>26,190</td>
<td>26,190</td>
<td>-</td>
</tr>
<tr>
<td>Graduate</td>
<td>5,253</td>
<td>5,236</td>
<td>5,236</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>556</td>
<td>728</td>
<td>728</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>30,980</td>
<td>32,154</td>
<td>32,154</td>
<td>-</td>
</tr>
<tr>
<td>PSU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>21,123</td>
<td>21,928</td>
<td>24,381</td>
<td>2,453</td>
</tr>
<tr>
<td>Graduate</td>
<td>7,936</td>
<td>7,936</td>
<td>9,313</td>
<td>1,377</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>29,059</td>
<td>29,864</td>
<td>33,694</td>
<td>3,830</td>
</tr>
<tr>
<td>SOU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>6,780</td>
<td>6,838</td>
<td>6,838</td>
<td>-</td>
</tr>
<tr>
<td>Graduate</td>
<td>972</td>
<td>972</td>
<td>972</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>7,752</td>
<td>7,810</td>
<td>7,810</td>
<td>-</td>
</tr>
<tr>
<td>UO</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>22,933</td>
<td>23,630</td>
<td>24,689</td>
<td>1,059</td>
</tr>
<tr>
<td>Graduate</td>
<td>6,068</td>
<td>6,068</td>
<td>7,116</td>
<td>1,048</td>
</tr>
<tr>
<td>Other</td>
<td>605</td>
<td>614</td>
<td>598</td>
<td>(16)</td>
</tr>
<tr>
<td>Total</td>
<td>29,606</td>
<td>30,312</td>
<td>32,403</td>
<td>2,091</td>
</tr>
<tr>
<td>WOU</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>7,434</td>
<td>7,540</td>
<td>7,560</td>
<td>20</td>
</tr>
<tr>
<td>Graduate</td>
<td>694</td>
<td>694</td>
<td>673</td>
<td>(21)</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>8,128</td>
<td>8,234</td>
<td>8,233</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>92,586</td>
<td>95,544</td>
<td>99,786</td>
<td>4,242</td>
</tr>
<tr>
<td>Graduate</td>
<td>21,391</td>
<td>21,372</td>
<td>23,876</td>
<td>2,504</td>
</tr>
<tr>
<td>Other</td>
<td>1,161</td>
<td>1,342</td>
<td>1,326</td>
<td>(16)</td>
</tr>
<tr>
<td>Total</td>
<td>115,138</td>
<td>118,258</td>
<td>124,988</td>
<td>6,730</td>
</tr>
</tbody>
</table>

* Assumes funding at Governor's Recommended Budget level and proposed tuition increases.
BOARD DISCUSSION:
Chancellor Jarvis began the discussion by reminding the Board that the primary purpose of the meeting was to seek advice for staff preparation on the presentation of OUS to the Ways and Means Committee of the legislature. He indicated that the Board would be asked for advice on five recommendations. “We wanted to be sure that we had your affirmation of the goals that we would make in our testimony. The challenge comes as we look at the directions asked of us for those presentations. We’re now asked to present reduction scenarios for cuts of two, four, six, eight, and ten percent below the budget the Governor recommended in January. Since that budget is essentially a flat budget going into this next biennium, those are cuts beyond where we are at the present time, so we’re now looking at some potentially very serious, ongoing reductions,” the Chancellor explained.

A series of questions were posed for consideration: what is the status of The Deal that is the framework used to package OUS’ presentation? How do we go from there to assess the foundation for quality in relation to access since that relationship is key to the presentation for the next biennium? What does that mean for tuition, the budget priorities, and reduction scenarios we’ve been asked to produce? Where does that leave the System in terms of enrollment management?

The Chancellor explained that there are four elements of The Deal that are still in place. First, there is a commitment to restore funding with regard to peer institutions. The original request was to seek 80 percent, growing back to 90 percent of the funding over three biennia. Second, there is a commitment to funding for research. Third, there is a commitment to develop a rational and reasonable set of tuition policies and finally, there is a set of efficiency and flexibility initiatives that would reform the System’s relationships with state government.

“So what are we trying to do?” the Chancellor posed. “If we start with the Governor’s recommended budget presented last January, take the current levels of tuition that are in place right now, and the current levels of enrollment right now, and attempt to maintain those into 2003-04, then our quality funding index, the average value of the cells in the RAM drops to 72 percent.”

Director Imeson remarked that there must be adjustments being made with our peer institutions and asked if System numbers had been updated or if they were indexed back to what they were when the RAM was instituted. Vice Chancellor Anderes responded that they are still indexed to where the RAM was designed. “We have actually upgraded and have identified the relationship to peers through 2002,” he added, “and we’ve fallen farther behind. So, in a sense, that 72 percent, if revised, would be lower right now.”

Continuing, Chancellor Jarvis speculated, “Suppose we took our desired level of 80 percent, which is what we currently have on the table, and applied that to the state funds in the Governor’s recommended budget. To drive an 80 percent funding through the Governor’s recommended budget, we would have to reduce enrollment by
something in excess of 12,000 students below the current level and/or engage in a massive increase in tuition over and above the current level.

“Alternatively,” the Chancellor continued, “suppose we took the projected enrollment demand that we had in our budget request that we foresaw in the pipeline and our best estimates of what enrollments we think would be in the institutions next year, and suppose we took that enrollment and drove that through the dollars in the Governor’s recommended budget. That would drop our quality funding index below 72 to somewhere in the range of 66 percent, or 34 percent below the average funding of our peers.”

It was highlighted that institutions within the System are already under stress because of the funding problems. “At the present, five of our seven institutions fall at the very bottom of state funding compared to their peers. The very bottom. And as you look at institutions that fall at the bottom of the funding against their peers, it is consistent with the fact that when your state funding is less, graduation rates tend to be lower, and student-faculty ratios tend to be higher. And that is indeed the case.

“The fact that student-faculty ratios in our institutions are the highest in the decade tells us that we face problems in the future because that is always a warning that as class sizes go up, all of the other outcome measures will start to strain,” the Chancellor emphasized.

Five recommendations were presented:

**RECOMMENDATION #1**
The Board directs the Chancellor to recalibrate the base Quality Funding Index from the present 80 percent level to the 72 percent level. Further, the Board directs the Chancellor to seek the commitment of intent, by the Governor and the Legislature, to restore the base to at least the 90 percent level over the course of the next four biennia.

**RECOMMENDATION #2**
The Board ratifies as a permanent tuition rate, the temporary tuition surcharges previously approved in December 2002 and January 2003. The Board directs staff to prepare the necessary Oregon Administrative Rule changes to reflect this tuition rate.

In discussing Recommendation #2, it was pointed out that when Measure 28 was defeated, and absent any new revenue, there is no prospect at this point in time of new revenue to replace the funds that were generated by tuition with the surcharge.

**RECOMMENDATION #3**
The Board directs the Chancellor to prepare a formal tuition and enrollment plan to be considered for approval by the Board at the April meeting. The plans should include the tuition level required by each campus as reflected in the recommendations of the presidents.
**Recommendation #4**  
The Board approves the priorities and reduction scenarios as presented in the *OUS Reductions Alternatives* document.

**Recommendation #5**  
The Board, anticipating that the scenario reductions will be enforced, directs the Chancellor to prepare, with input from each institution, enrollment management plans that articulate how each institution and the System will be able to assure the Board that quality is being maintained and that Board standards are being met.

Chancellor Jarvis indicated that any erosion in the best-case scenario, which is no longer possible, would drive to a reduction in the System’s ability to increase access and assure quality and affordability. This has required the System to prepare a list of priorities and reduction scenarios.

Vice Chancellor Anderes outlined the information he would be reviewing with the Board: the funding priorities and reduction alternatives, put against tuition enhancement/peer comparisons, enrollment planning, and then re-examine the recommendations being made to the Board.

OUS has been asked to provide information to the Budget Office, in preparation for the Ways and Means hearings, on priorities and reduction planning. Staff has prepared this within the context of the Board’s work over the last several months in strategic planning sessions.

The System has identified 55 priorities (listed under Section A – OUS Funding Priorities). Programs that are included in the list were based on the Resource Allocation Model (RAM). Vice Chancellor Anderes explained that the priorities were established using many of the conditions the Board has indicated are central — access, quality, meeting the state’s needs, and affordability. Further, as reduction scenarios are being contemplated, they need to be taken in the context of enrollment and tuition strategies. “It’s important to note,” Dr. Anderes pointed out, “that the plan is to put as much emphasis on instruction and instructional support and the priorities represent that.”

Vice Chancellor Anderes walked through the priorities to assist the Board in having a better understanding of the priorities.

Director VanLuvanee reminded Board members that all of them receive a $30 stipend for the days they are on Board work. He suggested they might agree to serve for free and, therefore, save some money.

Vice Chancellor Anderes concluded the presentation of the funding scenarios by summarizing the current budget environment, indicating that the continuing and prospective General Fund reductions could be at a very high level. “We have the $88 million that was taken out of the General Fund in 2001 and 2003 and those reductions continue. This won’t go away, even with the tuition surcharge. The Legislature will take
approximately four percent off the top for the rainy day fund and the OUS share of that is approximately $30 million. At the present time, the revenue projections of the Governor’s budget are based on numbers that are now felt to be somewhere between five and six percent too high. The Legislature is working from a revenue picture that is in the range of five or six percent below what they anticipated and one that could get even worse.

“That being the case, we could have an additional amount in the range of $60 million less. That would be a total, just for 2003-05 of $90 million on a base that has already been reduced at a $66 million level. A final point is unfunded compensation commitments. We don’t know what’s going to happen with PERS or the PEBB. If it’s at all similar to the last biennium, there’s a good chance that the decision will be made that it cannot be fully funded with an assumption that it can be picked up some other place.”

Director Young asked if the System had any plans for addressing the situation of the State Student Scholarship Commission in discussion at the Ways and Means Committee. The Chancellor and Grattan Kerans have been active in the legislature in testifying in support of increased funding for student aid grant programs it was reported.

Director Lussier added that the Board needed to continue to concentrate on the concept of affordability as opposed to just tuition, since student support and financial aid are areas of great concern.

Returning to the discussion of priorities, Dr. Anderes posed the question of how all of the previous numbers relate to enrollments. “Where we can go with growth is to 6,700 students and that is really built on the idea that we, in fact, get the Governor’s budget and that we have tuition increases. We could stay at the 72 percent level, or we could grow. The efficiency act would also provide us some opportunities as well. But if you reduce state funds you reduce enrollments.”

Director Bassett asked for information on the tuition side of the enrollment charts that would summarize the community college situation.

Following the presentations on all of the aspects of the presentation to the Ways and Means Committee, Chancellor Jarvis summarized the five recommendations and their interrelated nature. In doing so, he was seeking the Board’s endorsement of the direction the System would be taking in presenting the budget request.

The first premise, according to Director Wustenberg, is that the state is disenfranchising a number of systems and that education systems were being particularly hard hit. She expressed concern that the System, given the extreme cuts, should reduce enrollments to assure that the students who do attend the institutions receive a quality education. It was important, she emphasized, that any institution taking more students, given the extreme budget situation, be required to report how they planned to maintain quality.
Director Lehmann observed that the work the Board and the staff has done on strategic planning was very apparent in how the challenges were being discussed. “The relationship among quality, affordability, and access has become very clear. The communication challenges we have identified have been overcome. Whether it will be used for good or evil, I think we’re doing a good job of explaining what the choices are.”

The question was raised as to how much input the campuses had in the development of the priorities, enrollment targets, and tuition levels. Vice Chancellor Anderes and President Zinser assured the Board that the campuses had been included in discussions as the concepts were developed.

Director Bassett asserted that the need to lay out priorities and speculate about two to ten percent reductions, while disguised, “is the worst kind of line item budgeting from the legislature.” Continuing he said, “the basic message that we get by, for example, being omitted from any discussion of core service, I submit to you, is a new trap in the minds of folks who think about whether you’re going to take two or ten percent. The message I take from being omitted from that is they’re going to leave it to us to do the heavy lifting. Us. All of us in this room, not just Board members. And if that be the case, it seems to me we should respond with more of a whole piece of cloth about what it takes to do that.

“My concern about Recommendation #4, granted, we would have to do it this way. Because, if that is how we represent ourselves, in the next step of the discussion, then we have given it away and we will be left basically to take whatever comes back out of the process with no recognition entered into the process anywhere that the decision-making has been handed into this room and that the legislature needs to acknowledge and support that. If we don’t anchor it in such a way that we obscure our action on Recommendation #4 in a better and stronger message, then we have no message at all.”

Director Imeson raised a question on other legislative matters that have the potential of impacting the higher education budget. Specifically, he wanted to know what potential impact the Oregon Council on Knowledge and Economic Development effort, which includes recommendations for signature research institutes, would have on the rest of the budget request. “The concern I have is that if we don’t think about how those relate to what we’re describing here, there is a possibility that, and by the way I think what they proposed is a good thing, what is occurring there will come at some cost to the numbers that we have been describing here. It seems to me that we at least need to know where those things fit in terms of our own priorities.”

A second concern raised by Director Imeson related to the fact that “budget business as usual for us tends to be, and I’m talking legislatively, take all qualified students, here’s a number with respect to tuition, do the best you can. I think that, in the conversations you have with the legislature, it’s worth thinking about how this particular framework would be described, but acknowledge there are others.
“There is a huge concern about the tuition numbers that are in the materials. If we respond solely to that, here’s what it means in terms of what we do, here’s what else has to go. Because it is possible to have a smaller, lower tuition model here, one that is more limited enrollment, which deals with access in a different way. It’s possible to have one where tuition is a lot higher and, of course, that limits access in another way.”

Director VanLuvanee asked for data on the average cost to a person of, for example, going to the University of Oregon. “I’d like to know what a student pays at each of the institutions in real money. I think it would help me make a more informed decision around these things.”

**BOARD ACTION:**
Director VanLuvanee moved and Director Lehmann seconded the motion to approve the five recommendations presented by the Chancellor.

Director Bassett suggested that there was a need to “peg” some aspects of the recommendations together for the purposes of “how both the budget and our own commitment to campus level decision-making play out. I would take what is said in Recommendation #1 and represent it in Recommendation #3 to say that quality should be pegged to state support by using something with which we’re familiar and the length to which the legislature has experienced and the 72 percent does that. But to emphasize the pegging, and I would suggest indexing a level of state support at a level of enrollment, about how we ask the legislature to give us room to do the heavy lifting.

“Similarly, with Recommendation #2, I would pursue an index, pegging an index between some form, if not the current form of state need-based financial aid to tuition, for the purpose of assigning to the state the chief responsibility to handle the consequences of tuition increases. I would much prefer financial aid tracking tuition increases than micromanaging tuition increases. It would be my desire that either the sense of Recommendation #3 or even some wording changes in it would say that we would hope that a tuition and enrollment plan you would bring back to us would have some workable form of a pegging and indexing between #1, quality, as represented by 72 percent and enrollment, and #2, affordability, as represented by an indexing between tuition. Pegging and indexing between tuition and the full funding of a need grant necessary to address them is a matter of state responsibility, not institutional responsibility. Indexing creates a pushback on our own priorities from whatever the current form of a need-based grant is. Implicitly, we would acknowledge that affordability, even if driven by our own tuition decisions, requires a first priority of the state on the need grant program. The emphasis I’m trying to create is something to hang on to as we do the heavy lifting and something simple and clear enough that it can be said to us in front of the legislature or a Governor: here is what we need from you since you handed it over to us. Here is what we need from you in order to enable us to do the work.”

Director Lehmann observed that increasingly the Board was willing to talk about the indicators of quality and where to “draw the line in terms of graduation rates and
student-teacher ratios. But, we have to be willing to describe the problems we face, including potential quality problems, or it is going to be difficult for the legislature to agree with us that it is important to deny students access over that line.”

In closing the discussion, Director Bassett reminded everyone around the table – the presidents, OSA, IFS – that “we are working within the directions we all agreed were the right ones at the time of the Board Renewal 18 months ago. If at any point, as we go about the process of trying to keep the faith of our role in this, it starts to rub in a way that our immediate stakeholders see as bad for the System, even bad for a campus, I hope in the nature of our Board setup and our discussions, we do not walk right on by the opportunity for someone to say that.”

In response, President Dow urged the Board to look beyond the performance indicators as the potential core for quality indices. She observed that “inside” stakeholders were important in the discussion, primarily faculty, and urged that capacity, facilities, and other factors be taken into account.

Acknowledging that there was an intent to modify Recommendations #2 and #3, President Lussier called for a vote on the motion. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, VanLuvanee, Wustenberg, Young, and Lussier. Those voting no: none. (Note: At the time of the vote, Director Watari was no longer participating in the meeting via phone.)

9. **Public Input**
   There was no public input.

10. **Items From Board Members**
    Director Wustenberg highlighted that in the March 13th edition of the Oregonian there was an article about audits of 27 state agencies and only three were satisfactory. One of them was the Oregon University System and she expressed her thanks, and those of the Board, to those who were responsible for this outstanding performance.

    Director VanLuvanee pointed out that the newest edition of the *Fact Book* had been published and commended the staff on an outstanding job.

    President Lussier acknowledged the excellent work that continues to occur within the System and at the institutions. “We’ll live through these difficult times and we’ll build a better System as we go.” He underscored that it was important to continue to focus on strategic planning and positioning of the System for recovery and for a future of more funding.

11. **Delegation of Authority To Board’s Executive Committee**
    President James Lussier 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 April 17 and 18, 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.

12. ADJOURNMENT
It was moved by Director VanLuvanee and seconded by Director Wustenberg that the meeting be adjourned. The vote was unanimous.

The Board meeting adjourned at 12:30 p.m.

Virginia L. Thompson
Secretary of the Board

James T. Lussier
President of the Board
OREGON STATE BOARD OF HIGHER EDUCATION  
MINUTES OF THE SPECIAL TELECONFERENCE MEETING OF THE BOARD  
ROOM 111, SUSAN CAMPBELL HALL  
UNIVERSITY OF OREGON, EUGENE  
APRIL 3, 2003

1. CALL TO ORDER/ROLL CALL  
The special meeting of the State Board of Higher Education was called to order at 4:06 p.m. by President Lussier.

On roll call, the following Board members answered present:
- Kerry Barnett  
- Geri Richmond  
- Roger Bassett  
- Don VanLuvanee  (arrived 4:08)  
- Tom Imeson  (arrived 4:08)  
- Erin Watari  
- Leslie Lehmann  
- Phyllis Wustenberg  
- Jim Lussier  
- Tim Young  

Absent: Bill Williams  

Chancellor’s Office staff present: Chancellor Richard Jarvis, Ben Rawlins, Marcia Stuart, Alayne Switzer, and Virginia Thompson.

2. ADJOURN TO EXECUTIVE SESSION  
Director Wustenberg moved and Director Lehmann seconded the motion to adjourn to executive session, pursuant to ORS 192.660(1)(a), for the purpose of discussing personnel matters. Those voting in favor of the motion: Directors Barnett, Bassett, Lehmann, Richmond, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

The executive session was called to order at 4:07 p.m. by President Lussier. Pursuant to ORS 192.660(4), no final action was taken or final decision was made at the executive session.

3. RECONVENE PUBLIC SESSION  
Director Wustenberg moved and Director Lehmann seconded the motion to reconvene the public session of the special Board meeting. Those voting in favor of the motion: Directors Barnett, Bassett, Lehmann, Imeson, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none. The public session of the special Board meeting reconvened at 4:37 p.m.

Director Lussier indicated that the Board had just met in executive session to consider the recommendation by Chancellor Richard Jarvis to appoint Dr. Dixie Lund as interim president for Eastern Oregon University.

Director VanLuvanee moved and Director Wustenberg seconded the motion to appoint Dr. Dixie Lund as interim president for Eastern Oregon University. On roll call the following voted in favor of the motion: Directors Barnett, Bassett, Lehmann, Imeson,

President Lussier invited Dr. Lund to make a few comments to the Board and members of the EOU community who had assembled to hear the outcome of the Board meeting.

5. **ADJOURNMENT**


The Board meeting adjourned at 4:41 p.m.

Virginia L. Thompson  
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 1:37 p.m. by Chair Roger Bassett.

On roll call, the following Committee members answered present:

- Kerry Barnett
- Roger Bassett
- Leslie Lehmann
- Jim Lussier
- Erin Watari
- Phyllis Wustenberg

Absent: None

**Other Board members present:** Geri Richmond

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

**Others:** Martha Anne Dow (OIT), Philip Conn (WOU), 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**

- January 16, 2003, System Strategic Planning Committee Meeting Minutes

The Committee dispensed with the reading of the January 16, 2003, Committee meeting minutes. Director Wustenberg moved and Director Lussier seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Lehmann, Lussier, Watari, Wustenberg, and Bassett. Those voting no: none.

3. **ACTION ITEM**

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

**DOCKET ITEM:**

**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) proposed 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) proposed 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) proposed 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 recommended (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.
# 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 – 14 Units (4-English, 3-Math, 2-Science, 3-Social Studies, 2-Second Language)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes plus 2 approved courses*</td>
<td>Yes</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 Review Required</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, residents 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.

   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

---

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

---

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

---

\(^4\) 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.
Alternatively, 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; 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.

---
5 SOU limits the number of credits of physical education or team sports used to compute GPA to 12.
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 2.25 (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\(^7\), 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

---

\(^6\) 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.
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.

---

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\(^{10}\), 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.

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

\(^{10}\)SOU limits the number of credits of physical education or team sports used to compute GPA to 12.
• 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.
COMMITTEE DISCUSSION:
Director Bassett introduced Vice Chancellor Shirley Clark who briefly summarized what she termed as an “annual and relatively routine report of the traditional admission requirements” for discussion and decision by the Committee and then the full Board.

Director Lussier began the discussion with a question about how the various admission criteria interact. Dr. Clark explained that if a student meets the GPA floor requirement along with other aspects, they are basically waived on without further review. If they do not meet the GPA floor, it is at that point that the other criteria are reviewed and traditionally those have been the combination of the grade point average and the SAT/ACT scores.

Director Barnett was interested in what might happen with admission standards if enrollment caps were imposed. Could other criteria be imposed such as a history of disciplinary problems or a criminal record? David McDonald, director of enrollment and student services, explained that information of that type is not available to admission directors. “Traditionally, what happens at open access universities (and we fall into that category) is that when students meet the minimum academic requirements, are able to pay the admission fee, and apply on time, they are admitted.”

The question was raised as to whether or not Oregon was considering eliminating the SAT and ACT scores as in California. It was explained that at the present time, OUS requires the SAT exam and the score falls into the category of an additional indicator of potential for success. There was discussion of what was termed the “GPA gap” that results because of the discrepancies in how grades are assigned from class-to-class and from school-to-school. There is general belief and hope that the standards, which are state-normed and independently verified, will be a more accurate predictor of potential success in college than the GPA.

To a question by Director Lehmann about better predictors of college success than GPA, Mr. McDonald responded that the PASS proficiencies were very helpful as another source of data. This discussion led to a questioning of the differences in grading from school-to-school and whether, for example, a grade of “B” was the same all over the state. There was general agreement that grading varied in high schools in the same ways they do in higher education institutions, but they still remain one way in which to determine eligibility for admission. Mapping the required courses in high school against PASS standards has the potential of assuring more consistency of experience in college preparation courses.

COMMITTEE ACTION:
Director Lussier moved and Director Barnett seconded the motion to approve the undergraduate admission policy as proposed. Those voting in favor of the motion: Directors Barnett, Lehmann, Lussier, Wustenberg, and Bassett. Those voting no: Director Watari.
4. **REPORT ITEM**
   a. **Update on Proficiency-based Admission Standards System (PASS)**

   **DOCKET ITEM:**

   **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.

COMMITTEE DISCUSSION:
Vice Chancellor Clark briefly reviewed the history of PASS work and reminded the Board that there have been some delays in implementation from what had been originally planned. “We have some very extensive partnerships with other agencies beyond the Department of Education and the high schools of the state that include, among others, the organization known as COSA, the Council of School Administrators. COSA works closely with all of the high schools and has, in the past two years, become the vehicle for disseminating materials about PASS. Staff of PASS have been very successful in attracting a series of grants, some of which have been private,” Dr. Clark continued.

Director Bassett reminded the Board that this work continues to be of high priority to the Joint Boards of Education Working Group. He asked how dependent the continued success of PASS was on the political debate around the CIM and CAM. “We think the standards movement is where the country is, that’s where the federal administration is, and we think where people stand is firmly in support of standards, no matter where they may be on individual pieces of legislation,” Dr. Clark explained. “It’s from that firm base we continue to feel that is what PASS is all about, developing and implementing standards, and we expect that we will be able to go forward at a minimum based on the much more extensive statewide testing information that is available than was the case in the past.” It was underscored that even without the CIM or the CAM, schools would still have to deal with the federal legislation of “No Child Left Behind,” which requires the ability to collect, transmit, and use the data that result from assessments. The PASS standards actually put the state in a good position to be able to do that.

Director Lussier asked if there was more the Board should be doing to make clear its position with reference to the advantages of the PASS system and its development and how related it is to CIM and CAM. “I’m leaning to the side of saying we might need to debate, be a little bit more committed, and make it known to the public, as well as the State Board of Education, how integral these programs are and that all need to be successful,” he added.

It was underscored that the most important need at the present time is an integrated data system that facilitates recordkeeping and transfer of data between and among the education sectors. Director Watari expressed concern about a 14 year old who might take the assessment tests in the 10th grade and not do well. She asked if these scores
stay with students forever. It was explained that these test scores can be changed – students have an opportunity to retake the exam in the 11th and/or the 12th grade or move to an alternative assessment method where they don’t have to take an examination but can submit a collection of work.

COMMITTEE ACTION:
No action required.
**DISCUSSION ITEM**
a. SSP Work Plan Through June 2003

**DOCKET ITEM:**

**Oregon State Board of Higher Education**  
**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>
</tr>
<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>
</tr>
<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>
</tr>
<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><strong>• Affordability</strong></td>
<td>January – April 2003</td>
<td>Introduction in January, discussion in February and April.</td>
<td>Board resolution in support of increased funding for the Oregon Opportunity Grant adopted in October 2002. Report to Budget &amp; Finance Committee on fee remissions in February and on tuition in</td>
</tr>
<tr>
<td>Strategy</td>
<td>Timelines</td>
<td>Status &amp; Next Steps</td>
<td>Related Initiatives</td>
</tr>
<tr>
<td>----------</td>
<td>-----------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>➢ Admission policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>➢ Unmet higher educational needs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Increased diversity of students and faculty</td>
<td>April 2003</td>
<td>Annual Report on Diversity to be presented in April.</td>
<td>Efficiency Initiative related to OSAC/ODA approval authority, included with LC 970 and 970-1.</td>
</tr>
<tr>
<td>• Academic Program Approval</td>
<td>May 2003</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strengthen the role of OUS and individual institutions working with the business community in support of Oregon’s economic development.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Develop policies to facilitate and direct the System and the universities to increase the effectiveness of their partnerships with other education sectors.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>➢ Oregon K-12 education, to support seamless transitions through K-16.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>Timelines</td>
<td>Status &amp; Next Steps</td>
<td>Related Initiatives</td>
</tr>
<tr>
<td>-------------------------------------------------------------------------</td>
<td>-----------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>➢ Oregon community colleges, to optimize access through dual enrollment, articulation, and transfer.</td>
<td></td>
<td></td>
<td></td>
</tr>
<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>
</tr>
<tr>
<td>• Joint Boards Articulation Committee</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Community college partnerships</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>
<td></td>
</tr>
</tbody>
</table>

Develop policies to maximize **public services** to other state and local government agencies, especially during times of constrained public funding.
<table>
<thead>
<tr>
<th><strong>Strategy</strong></th>
<th><strong>Timelines</strong></th>
<th><strong>Status &amp; Next Steps</strong></th>
<th><strong>Related Initiatives</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Explore effectiveness of current <strong>governance</strong> 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>To be determined later.</td>
<td>On hold.</td>
<td></td>
</tr>
</tbody>
</table>
b. Revised Chart: Strategic Planning Framework

DOCKET ITEM:

[Image of a diagram showing the Oregon State Board of Higher Education Strategic Planning Framework]

Possible additional topics:
- Productivity
- Advocacy
- Partnerships
- Diversity
- Economic vitality
- Investment in Oregon

Oregon Student Assistance Commission

“Changing Directions” Statewide Roundtable involving postsecondary education, K-12, state government, & business
Director Lehmann asked how the conclusions the SSP Committee reaches become part of the current policy choices of the Board. Chair Bassett indicated that decisions and suggestions would go to the full Board for discussion and decision as to where they fit in the Board's policies and procedures. Anything that shows up in the Strategic Planning Framework would be an active policy objective. “The question is going to be how soon can we get to how much of it,” he added.

c. Quality: Discussion Guide

Director Bassett indicated that one way to begin to determine the ways in which they can be measured. We need to ask, “What is the urgency of a Board action with regard to the question of quality? It would appear from the discussion of quality last month that it is whether it is necessary to restrict enrollments in some fashion in order to ensure a level of quality. So the urgency ends up being an enrollment management decision in that kind of discussion for the purpose of securing quality. I think it is important that Chancellor Jarvis and his staff help us work on a statement that indicates this Board's sense of where we would have to go with a policy decision in order to secure quality and have that be the decision that is both staffed for potential Board action and that is moved for Board action on a schedule.”

Director Lehmann questioned how conclusions of the Committee discussions make their way to becoming part of the policy choices and budget requests. Chancellor Jarvis indicated that much of the discussion would come together in April when the Board will see the relationships between the levels of quality to which the Board wishes to commit the System and how those relate to affordability and enrollment management. Director Bassett summarized, “I think that would present us with a plan for at least the first two items, quality and access, if not possibly affordability. On the April SSP agenda, work would be brought forward that is already here, but at the front end of it, place the Board statement that is considered to be the answer to your question of, ‘how do we anchor our commitment to The Deal in this budget environment and what’s the best policy position for us to take in order to do that?’

Chancellor Jarvis reviewed a series of quality performance indicators that the Board approved and has had in place since 1997. “We find that among the dozen indicators or so that we have been working with, five of them drive fairly directly to what we would think of as an institution, or a set of institutions, that are performing at a high quality level.”

The first indicator discussed provides information related to student performance. Data on these indices show that the numbers have been inching upwards reflecting institutions ability to orient students and continue to move them forward to completion. A second measure relates to the level of sponsored research and other sponsored
programs at the institutions and performance on these indicators likewise are moving in an upward direction.

A final measure discussed by Chancellor Jarvis related to the level of philanthropic support that is a powerful indicator of a community's sense of quality in institutions. On these measures institutions are also on an upward trajectory. The Chancellor observed, “The fact that all of these measures are showing a slightly positive vector, suggests to me that the investments made by the state in the later '90’s drove an upward trajectory in the performance of this System and that the System as a whole has maintained and is improving its quality.”

It was pointed out that a major challenge is that these measures take time to build up and, likewise, with disinvestments in higher education, will take a while to turn around and begin to erode. Keeping this in mind, Chancellor Jarvis indicated that he was suggesting adding a marker, which is less clearly a quality measure, but an indicator or a relationship between enrollment demand and funding, and that is the student-faculty ratios that can serve as an early warning signal that we are starting to stress the provision of instructional related services by the faculty.

“I would look for guidance from the Board,” the Chancellor continued. “We need to be very attentive to this and must not let these measures go down below the current level. That's a sign that the System’s quality is under stress and we would want you to monitor that very aggressively and to draw some firm levels under this collection of activities.”

A second category of quality performance indicators is related to accreditation. System institutions spend an enormous amount of time on regional accreditation activities and all of the institutions are fully accredited.

Director Richmond observed that it was helpful to see the data, but in her mind it was “data in a vacuum. One data point doesn’t mean anything unless it’s put in context and the context is our competitors. I would be very curious to know how, for example, are freshman persistence numbers compared with our competitors in comparable states, as well as bachelor’s completion. To me, this doesn’t really mean anything because it needs to be put in context.

“The other issue has to do with student-faculty ratios. I plotted this and I see that we have an eight – ten percent increase in five years. If you extrapolate that up then we’re talking about a student-faculty ratio in five more years, assuming that we keep the same slope, that we’re going to be close to 30 in five more years,” Dr. Richmond continued.

It was pointed out that an added frustration on the part of students is that students who are supposed to be on track to graduate can’t get the courses and sections they need for completion and therefore it takes longer to graduate.

Director Lussier expressed concern that the indicators presented are good measures over a long-term trend but they may not do anything for the case of higher education at
the present time. “The question is, do we have ways to measure the number of students who can’t get into courses, right now. How do you go about measuring the capacity issues, access to courses, and timely completion?”

It was suggested by Director Richmond that one area where data could be easily collected is relative to students’ ability to get into laboratory classes. “Each campus, I’m sure, could give you data on the number of students that are being locked out of the laboratory classes. That’s a priority type of education on which the state has put emphasis,” she observed.

The System has the ability to measure quality or even marginal quality change but, mused Director Bassett, that would not persuade anyone to give the System money that isn’t available in the first place. “I think what we’re looking for is the quality cliff over which we do not want to fall.”

It was pointed out that the financial situation of the state is very serious. “If we’re at a point of saying we need to take some action that controls our own destiny, one of the actions is capping enrollment,” Director Lussier declared. “We have to face the quality issue right now – what are the statistics or the measures that would help us do that.”

Director Watari questioned the definition of quality being used. “These are indicators of what quality could mean but I feel like we’ve never said what quality is.”

A draft definition of quality was provided by Director Lussier: “... obtaining the educational services necessary to achieve social and skill development [to achieve] degree goals in a timely way and in a manner that advances the student’s development in accordance with ... predetermined goals; accepted best practice criteria; the student’s needs, and the educational needs of Oregonians and Oregon. Subcategories would address accessibility criteria, meets timeliness criteria, and so forth.”

The damage to quality is yet to come, observed President Conn. “We realize that we have to consider seriously capping enrollment, but we have to develop systems, and we need a science for doing that. We have room for additional students in certain majors but they are not those that are in demand and, indeed, we can’t hold a student to a major. This whole matter of capping enrollment to keep class sizes reasonable, to protect quality, is something we need to do with a lot of planning.”

Chair Bassett summarized the Committee meeting with the following suggestions:

1) Develop “urgency statements” that might, in some regards, move ahead of the policy discussion. It anticipates an event in the legislative process that requires an urgency statement. An example would be in the area of quality that would in some way link enrollment limits to a need to sustain quality

2) Develop definitions for quality, affordability, and access in a way that means some things and not others and can provide focus for discussions.
3) Develop measures that, in the case of quality, would be based on the measures presented at the meeting. They might be broken out in different ways to be more enlightening about the undercurrents that signal a crisis, for example, in quality.

4) There need to be tools by which the Board and the Chancellor’s Office would address the topics, such as accreditation or performance indicators for quality.

5) Prepare a question and answer section that anticipates the first question we might get, frames the appropriate answer, and makes it clear there is a strong response. These would rest on the credibility of the faculty and classes, on the credibility of the management of our institutions, of the academic and presidential leadership of them. “If we don’t somehow invoke that statement, whether or not it can be measured, as one of the reasons these numbers are as good as they are, then I think we dismiss the power that’s in this room,” Director Bassett added. “The power of those of us who have a stake in this to state in advance of the question a truth about it that we, at least, recognize to be essential and to stand the debate if it comes after all is said, but not be hesitant to say it, just because we don’t have the numbers quite together yet.”

Director White urged the Board to recognize the diversity of institutions that make up the System data set and remember that Systemwide data might not be sensitive to early warning signs of the erosion of quality, for example. “When it gets aggregated as the System, it buffers out indicators,” he added. It was acknowledged that the same is true within institutions and there needs to be sensitivity to variations within institutions, as well.

Director Bassett urged Board members and presidents to provide specific examples and suggestions related to the current work.

COMMITTEE ACTION:
No action required.
d. Enrollment / Access: Introductory Discussion

DOCKET ITEM:

**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>
</tr>
</thead>
<tbody>
<tr>
<td>Specific policy focus</td>
<td>Ability to enroll; admission</td>
</tr>
<tr>
<td>Highest aspiration</td>
<td>College education for all</td>
</tr>
<tr>
<td>Last dollar commitment</td>
<td>One dollar to one student enrolling for the first term</td>
</tr>
<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>
</tbody>
</table>

**Access dimensions**

- For whom
  - Undergraduate residents
  - Full-time for a full year
  - Part-time working student
  - Graduate students
  - Nonresidents
  - Percent of Oregon high school freshmen who enroll in college in Oregon and in other states
  - Patterns of enrollment in Oregon community colleges and subsequent transfer to OUS
  - Percent of 25-49 year old Oregonians enrolled in postsecondary education
  - Enrollment in OUS by race and gender
  - Enrollment by income level
  - Availability of the range of programs and disciplines to meet demand

- College enrollment for high school students
- College enrollment for transfer students
- Adult populations
- Historically under-served populations
- Specific academic programs

**Connection to other strategic planning variables**

- Affordability
  - Ability to pay for college enrollment
  - Willingness to take on debt to attend college (disproportionate effect on low income student?)
  - Perception by students and families of college options available, based on total cost
<table>
<thead>
<tr>
<th>Topic</th>
<th>Analysis/Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Enrollment management</td>
<td>• Price elasticity of demand—student sensitivity</td>
</tr>
<tr>
<td></td>
<td>• Need-based vs. merit-based institutional aid for recruitment/retention</td>
</tr>
<tr>
<td>• Quality</td>
<td>• Tradeoffs between meeting enrollment demand and maintaining quality education under conditions of constrained resources</td>
</tr>
<tr>
<td>• Mission differentiation</td>
<td>• Availability and diversity of institutions and programs to meet all levels of student interest and capability</td>
</tr>
<tr>
<td>• Preparation for college</td>
<td>• K-12 achievement and course taking in math, reading, science, and writing</td>
</tr>
<tr>
<td></td>
<td>• Preparation and articulation of community college transfers</td>
</tr>
<tr>
<td>• Efficiency initiatives</td>
<td>• Tuition setting</td>
</tr>
<tr>
<td></td>
<td>• Commitment to accompany tuition increases with aid to the most financially needy students</td>
</tr>
<tr>
<td>• Public finance</td>
<td>• Sources of financing (student, state, federal government, institutional aid)</td>
</tr>
<tr>
<td>• Diversity</td>
<td>• Evidence that students of color have access to OUS</td>
</tr>
</tbody>
</table>

STATE COMPARISON RESULTS: INDEX SCORES ON PARTICIPATION

<table>
<thead>
<tr>
<th>STATE</th>
<th>Grade</th>
<th>Category Score</th>
<th>High School to College Rate</th>
<th>Young Adult Enrollment</th>
<th>Adult Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>D+</td>
<td>67</td>
<td>64</td>
<td>74</td>
<td>51</td>
</tr>
<tr>
<td>Alaska</td>
<td>D+</td>
<td>69</td>
<td>45</td>
<td>74</td>
<td>76</td>
</tr>
<tr>
<td>Arizona</td>
<td>B-</td>
<td>81</td>
<td>51</td>
<td>61</td>
<td>102</td>
</tr>
<tr>
<td>Arkansas</td>
<td>D+</td>
<td>67</td>
<td>73</td>
<td>59</td>
<td>50</td>
</tr>
<tr>
<td>California</td>
<td>B+</td>
<td>87</td>
<td>64</td>
<td>87</td>
<td>91</td>
</tr>
<tr>
<td>Colorado</td>
<td>B</td>
<td>85</td>
<td>72</td>
<td>62</td>
<td>91</td>
</tr>
<tr>
<td>Connecticut</td>
<td>A-</td>
<td>91</td>
<td>88</td>
<td>104</td>
<td>68</td>
</tr>
<tr>
<td>Delaware</td>
<td>B</td>
<td>84</td>
<td>79</td>
<td>72</td>
<td>76</td>
</tr>
<tr>
<td>Florida</td>
<td>D+</td>
<td>69</td>
<td>52</td>
<td>76</td>
<td>68</td>
</tr>
<tr>
<td>Georgia</td>
<td>F</td>
<td>55</td>
<td>57</td>
<td>59</td>
<td>40</td>
</tr>
<tr>
<td>Hawaii</td>
<td>B-</td>
<td>82</td>
<td>69</td>
<td>101</td>
<td>67</td>
</tr>
<tr>
<td>Idaho</td>
<td>C-</td>
<td>71</td>
<td>69</td>
<td>78</td>
<td>55</td>
</tr>
<tr>
<td>Illinois</td>
<td>A</td>
<td>97</td>
<td>90</td>
<td>79</td>
<td>92</td>
</tr>
<tr>
<td>Indiana</td>
<td>C+</td>
<td>77</td>
<td>80</td>
<td>84</td>
<td>55</td>
</tr>
<tr>
<td>Iowa</td>
<td>B+</td>
<td>88</td>
<td>99</td>
<td>85</td>
<td>59</td>
</tr>
<tr>
<td>Kansas</td>
<td>A-</td>
<td>92</td>
<td>83</td>
<td>95</td>
<td>80</td>
</tr>
<tr>
<td>Kentucky</td>
<td>C-</td>
<td>70</td>
<td>68</td>
<td>79</td>
<td>52</td>
</tr>
<tr>
<td>Louisiana</td>
<td>D</td>
<td>64</td>
<td>65</td>
<td>78</td>
<td>43</td>
</tr>
</tbody>
</table>

**STATE COMPARISON RESULTS: INDEX SCORES ON PARTICIPATION**

<table>
<thead>
<tr>
<th>STATE</th>
<th>Grade</th>
<th>Category Score</th>
<th>High School to College Rate</th>
<th>Young Adult Enrollment</th>
<th>Adult Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maine</td>
<td>C+</td>
<td>78</td>
<td>81</td>
<td>68</td>
<td>63</td>
</tr>
<tr>
<td>Maryland</td>
<td>B+</td>
<td>87</td>
<td>76</td>
<td>84</td>
<td>82</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>A</td>
<td>100</td>
<td>100</td>
<td>91</td>
<td>82</td>
</tr>
<tr>
<td>Michigan</td>
<td>B+</td>
<td>89</td>
<td>78</td>
<td>93</td>
<td>78</td>
</tr>
<tr>
<td>Minnesota</td>
<td>C+</td>
<td>78</td>
<td>76</td>
<td>89</td>
<td>58</td>
</tr>
<tr>
<td>Mississippi</td>
<td>D</td>
<td>65</td>
<td>63</td>
<td>82</td>
<td>46</td>
</tr>
<tr>
<td>Missouri</td>
<td>C+</td>
<td>78</td>
<td>73</td>
<td>76</td>
<td>68</td>
</tr>
<tr>
<td>Montana</td>
<td>D+</td>
<td>69</td>
<td>86</td>
<td>87</td>
<td>28</td>
</tr>
<tr>
<td>Nebraska</td>
<td>A</td>
<td>97</td>
<td>96</td>
<td>86</td>
<td>83</td>
</tr>
<tr>
<td>Nevada</td>
<td>C+</td>
<td>78</td>
<td>48</td>
<td>59</td>
<td>100</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>B-</td>
<td>82</td>
<td>82</td>
<td>79</td>
<td>67</td>
</tr>
<tr>
<td>New Jersey</td>
<td>A-</td>
<td>92</td>
<td>100</td>
<td>100</td>
<td>59</td>
</tr>
<tr>
<td>New Mexico</td>
<td>A</td>
<td>95</td>
<td>69</td>
<td>72</td>
<td>112</td>
</tr>
<tr>
<td>New York</td>
<td>B</td>
<td>83</td>
<td>81</td>
<td>90</td>
<td>64</td>
</tr>
<tr>
<td>North Carolina</td>
<td>C+</td>
<td>77</td>
<td>73</td>
<td>74</td>
<td>66</td>
</tr>
<tr>
<td>North Dakota</td>
<td>B</td>
<td>84</td>
<td>110</td>
<td>92</td>
<td>36</td>
</tr>
<tr>
<td>Ohio</td>
<td>C+</td>
<td>77</td>
<td>75</td>
<td>80</td>
<td>61</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>C+</td>
<td>77</td>
<td>68</td>
<td>68</td>
<td>73</td>
</tr>
<tr>
<td>Oregon</td>
<td>D+</td>
<td>67</td>
<td>59</td>
<td>60</td>
<td>64</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>B-</td>
<td>82</td>
<td>87</td>
<td>88</td>
<td>57</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>A</td>
<td>99</td>
<td>88</td>
<td>88</td>
<td>95</td>
</tr>
<tr>
<td>South Carolina</td>
<td>D+</td>
<td>69</td>
<td>61</td>
<td>88</td>
<td>54</td>
</tr>
<tr>
<td>South Dakota</td>
<td>B-</td>
<td>80</td>
<td>90</td>
<td>82</td>
<td>51</td>
</tr>
</tbody>
</table>

STATE COMPARISON RESULTS: INDEX SCORES ON PARTICIPATION

<table>
<thead>
<tr>
<th>STATE</th>
<th>Grade</th>
<th>Category Score</th>
<th>High School to College Rate</th>
<th>Young Adult Enrollment</th>
<th>Adult Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tennessee</td>
<td>D+</td>
<td>68</td>
<td>62</td>
<td>77</td>
<td>54</td>
</tr>
<tr>
<td>Texas</td>
<td>D+</td>
<td>68</td>
<td>58</td>
<td>64</td>
<td>66</td>
</tr>
<tr>
<td>Utah</td>
<td>C</td>
<td>76</td>
<td>64</td>
<td>82</td>
<td>68</td>
</tr>
<tr>
<td>Vermont</td>
<td>C+</td>
<td>77</td>
<td>75</td>
<td>81</td>
<td>60</td>
</tr>
<tr>
<td>Virginia</td>
<td>B</td>
<td>84</td>
<td>76</td>
<td>75</td>
<td>78</td>
</tr>
<tr>
<td>Washington</td>
<td>C-</td>
<td>72</td>
<td>69</td>
<td>80</td>
<td>57</td>
</tr>
<tr>
<td>West Virginia</td>
<td>C-</td>
<td>70</td>
<td>75</td>
<td>75</td>
<td>47</td>
</tr>
<tr>
<td>Vermont</td>
<td>C+</td>
<td>77</td>
<td>75</td>
<td>81</td>
<td>60</td>
</tr>
<tr>
<td>Virginia</td>
<td>B</td>
<td>84</td>
<td>78</td>
<td>81</td>
<td>69</td>
</tr>
<tr>
<td>Wyoming</td>
<td>B-</td>
<td>81</td>
<td>78</td>
<td>82</td>
<td>67</td>
</tr>
</tbody>
</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
- Out of state 4-year college: 11
- Oregon 4-year college: 31
- Independent college: 6
- OUS: 25
- Oregon community college: 30
- Oregon private vocational: 1
- Out-of-state two-year: 2

Definitely enroll later: 8
- Probably enroll later: 8
- Will not enroll: 9

21 will definitely or probably transfer to OUS later

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>
<tbody>
<tr>
<td><strong>Affordability, Tuition, and Enrollment Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</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. |
e. Affordability: Discussion (if time permits)

**DOCKET ITEM:**

**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>
<tr>
<td>Affordability dimensions</td>
<td>Use Measuring Up variables as a starting framework</td>
</tr>
<tr>
<td>• For whom</td>
<td>▪ Undergraduate residents?</td>
</tr>
<tr>
<td>• Family ability to pay</td>
<td>▪ Full-time for a full year?</td>
</tr>
<tr>
<td>• Availability of need-based financial aid</td>
<td>▪ Part-time working student?</td>
</tr>
<tr>
<td>• Low student debt</td>
<td>▪ Percent of family income (Exhibit 1)</td>
</tr>
<tr>
<td>• Manageable tuition rates</td>
<td>▪ Oregon Opportunity Grant as a policy tool (Exhibit 2)</td>
</tr>
<tr>
<td>• Total costs, including tuition and fees, room and board, books, incidentals</td>
<td>▪ Percent of students incurring debt; average loan debt at graduation in OUS (Exhibit 3)</td>
</tr>
<tr>
<td>Connection to other strategic planning variables</td>
<td>▪ Recent tuition history (Exhibit 4)</td>
</tr>
<tr>
<td>• Access</td>
<td>▪ Tuition rates in Western states (Exhibit 5)</td>
</tr>
<tr>
<td>• Enrollment management</td>
<td>▪ Total student budget (Exhibit 6)</td>
</tr>
<tr>
<td>• Quality</td>
<td>▪ Full-time students who work; number of hours of work per week</td>
</tr>
<tr>
<td>• Efficiency initiatives (Exhibit 7)</td>
<td>▪ Willingness to take on debt to attend college (disproportionate effect on low income student?)</td>
</tr>
<tr>
<td>• Public finance</td>
<td>▪ Perception by students and families of available college options, based on total cost</td>
</tr>
<tr>
<td></td>
<td>▪ Price elasticity of demand</td>
</tr>
<tr>
<td></td>
<td>▪ Need-based vs. merit-based institutional aid for recruitment/retention</td>
</tr>
<tr>
<td></td>
<td>▪ Admissions selectivity; retention and graduation rate; time to degree</td>
</tr>
<tr>
<td></td>
<td>▪ Tuition setting</td>
</tr>
<tr>
<td></td>
<td>▪ Commitment to accompany tuition increases with aid to the highest need students</td>
</tr>
<tr>
<td></td>
<td>▪ Sources of financing (student, state, federal government, institutional aid)</td>
</tr>
<tr>
<td></td>
<td>▪ Consideration of return on investment for the student (future earnings) (Exhibit 8)</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>Alabama</td>
<td>56%</td>
<td>30</td>
<td>26%</td>
<td>23</td>
<td>F</td>
<td>D</td>
</tr>
<tr>
<td>Alaska</td>
<td>50%</td>
<td>17</td>
<td>23%</td>
<td>12</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>Arizona</td>
<td>58%</td>
<td>33</td>
<td>30%</td>
<td>39</td>
<td>D-</td>
<td>C-</td>
</tr>
<tr>
<td>Arkansas</td>
<td>42%</td>
<td>5</td>
<td>22%</td>
<td>8</td>
<td>C</td>
<td>C+</td>
</tr>
<tr>
<td>California</td>
<td>64%</td>
<td>41</td>
<td>33%</td>
<td>48</td>
<td>A</td>
<td>A</td>
</tr>
<tr>
<td>Colorado</td>
<td>44%</td>
<td>10</td>
<td>23%</td>
<td>12</td>
<td>C-</td>
<td>B-</td>
</tr>
<tr>
<td>Connecticut</td>
<td>60%</td>
<td>36</td>
<td>27%</td>
<td>30</td>
<td>C-</td>
<td>C</td>
</tr>
<tr>
<td>Delaware</td>
<td>73%</td>
<td>47</td>
<td>31%</td>
<td>42</td>
<td>F</td>
<td>C-</td>
</tr>
<tr>
<td>Florida</td>
<td>51%</td>
<td>20</td>
<td>26%</td>
<td>23</td>
<td>D-</td>
<td>D</td>
</tr>
<tr>
<td>Georgia</td>
<td>43%</td>
<td>7</td>
<td>21%</td>
<td>5</td>
<td>D</td>
<td>D+</td>
</tr>
<tr>
<td>Hawaii</td>
<td>60%</td>
<td>36</td>
<td>26%</td>
<td>23</td>
<td>D</td>
<td>C-</td>
</tr>
<tr>
<td>Idaho</td>
<td>41%</td>
<td>4</td>
<td>23%</td>
<td>12</td>
<td>D+</td>
<td>B-</td>
</tr>
<tr>
<td>Illinois</td>
<td>54%</td>
<td>25</td>
<td>25%</td>
<td>22</td>
<td>B</td>
<td>A</td>
</tr>
<tr>
<td>Indiana</td>
<td>55%</td>
<td>28</td>
<td>26%</td>
<td>23</td>
<td>D+</td>
<td>C+</td>
</tr>
<tr>
<td>Iowa</td>
<td>42%</td>
<td>5</td>
<td>22%</td>
<td>8</td>
<td>C</td>
<td>B</td>
</tr>
<tr>
<td>Kansas</td>
<td>44%</td>
<td>10</td>
<td>21%</td>
<td>65</td>
<td>C-</td>
<td>B</td>
</tr>
<tr>
<td>Kentucky</td>
<td>43%</td>
<td>7</td>
<td>21%</td>
<td>75</td>
<td>C</td>
<td>B</td>
</tr>
<tr>
<td>Louisiana</td>
<td>52%</td>
<td>24</td>
<td>23%</td>
<td>12</td>
<td>D</td>
<td>C-</td>
</tr>
<tr>
<td>Maine</td>
<td>55%</td>
<td>28</td>
<td>28%</td>
<td>34</td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td>Maryland</td>
<td>60%</td>
<td>36</td>
<td>27%</td>
<td>30</td>
<td>D-</td>
<td>D</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>61%</td>
<td>39</td>
<td>28%</td>
<td>34</td>
<td>D-</td>
<td>D</td>
</tr>
<tr>
<td>Michigan</td>
<td>63%</td>
<td>40</td>
<td>28%</td>
<td>34</td>
<td>D+</td>
<td>C</td>
</tr>
<tr>
<td>Minnesota</td>
<td>39%</td>
<td>3</td>
<td>19%</td>
<td>2</td>
<td>B</td>
<td>A</td>
</tr>
<tr>
<td>Mississippi</td>
<td>48%</td>
<td>16</td>
<td>26%</td>
<td>23</td>
<td>D</td>
<td>C+</td>
</tr>
<tr>
<td>Missouri</td>
<td>50%</td>
<td>17</td>
<td>23%</td>
<td>12</td>
<td>D+</td>
<td>D+</td>
</tr>
<tr>
<td>Montana</td>
<td>59%</td>
<td>34</td>
<td>30%</td>
<td>39</td>
<td>F</td>
<td>D-</td>
</tr>
<tr>
<td>Nebraska</td>
<td>51%</td>
<td>20</td>
<td>24%</td>
<td>20</td>
<td>D</td>
<td>B</td>
</tr>
<tr>
<td>Nevada</td>
<td>51%</td>
<td>20</td>
<td>26%</td>
<td>23</td>
<td>D+</td>
<td>F</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>68%</td>
<td>43</td>
<td>32%</td>
<td>44</td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td>New Jersey</td>
<td>67%</td>
<td>42</td>
<td>30%</td>
<td>39</td>
<td>C-</td>
<td>B</td>
</tr>
<tr>
<td>New Mexico</td>
<td>51%</td>
<td>20</td>
<td>26%</td>
<td>23</td>
<td>C-</td>
<td>B</td>
</tr>
<tr>
<td>New York</td>
<td>74%</td>
<td>48</td>
<td>32%</td>
<td>44</td>
<td>F</td>
<td>D-</td>
</tr>
<tr>
<td>North Carolina</td>
<td>46%</td>
<td>15</td>
<td>23%</td>
<td>12</td>
<td>C</td>
<td>A</td>
</tr>
<tr>
<td>North Dakota</td>
<td>44%</td>
<td>10</td>
<td>23%</td>
<td>12</td>
<td>D</td>
<td>C</td>
</tr>
<tr>
<td>Ohio</td>
<td>71%</td>
<td>46</td>
<td>31%</td>
<td>42</td>
<td>F</td>
<td>D-</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>38%</td>
<td>2</td>
<td>19%</td>
<td>2</td>
<td>C</td>
<td>B-</td>
</tr>
<tr>
<td><strong>Oregon</strong></td>
<td><strong>69%</strong></td>
<td><strong>44</strong></td>
<td><strong>32%</strong></td>
<td><strong>44</strong></td>
<td><strong>F</strong></td>
<td><strong>D-</strong></td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>70%</td>
<td>45</td>
<td>32%</td>
<td>44</td>
<td>D+</td>
<td>C</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>93%</td>
<td>50</td>
<td>37%</td>
<td>49</td>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td>South Carolina</td>
<td>57%</td>
<td>32</td>
<td>29%</td>
<td>37</td>
<td>D+</td>
<td>C</td>
</tr>
<tr>
<td>South Dakota</td>
<td>44%</td>
<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>Campus</th>
<th>Eligible Applicants</th>
<th>Award Recipients</th>
<th>Average Student Debt*</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIT</td>
<td>30,954</td>
<td>15,710</td>
<td>$17,039</td>
</tr>
<tr>
<td>SOU</td>
<td>33,562</td>
<td>17,895</td>
<td>$16,147</td>
</tr>
<tr>
<td>EOU</td>
<td>41,181</td>
<td>18,623</td>
<td>$18,554</td>
</tr>
<tr>
<td>OSU</td>
<td></td>
<td></td>
<td>$15,784</td>
</tr>
<tr>
<td>PSU</td>
<td>18,572</td>
<td></td>
<td>$16,800</td>
</tr>
<tr>
<td>UO</td>
<td>44,824</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOU</td>
<td>54,057</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National</td>
<td>60,200</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

![Line graph showing tuition and fees trend from 1980 to 2002]

**Source:** OUS Academic Year Fee Book.

**EXHIBIT 5**

#### Resident Undergraduate Tuition & Fees in Western States 2002-03

<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>Arizona</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Universities</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 Univ</td>
<td>1,943</td>
<td>1,876</td>
<td>3.6%</td>
<td>Resident UG: +25%</td>
</tr>
<tr>
<td>University of Cal</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 &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>3,055</td>
<td>2,728</td>
<td>12.0%</td>
<td></td>
</tr>
<tr>
<td>Lewis-Clark State Col</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</td>
<td>3,996</td>
<td>3,451</td>
<td>15.8%</td>
<td></td>
</tr>
<tr>
<td>University of Montana</td>
<td></td>
<td></td>
<td></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</td>
<td>3,192</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>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>Utah</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utah State U</td>
<td>3,112</td>
<td>2,817</td>
<td>10.5%</td>
<td>Expect +9-11%</td>
</tr>
<tr>
<td>University of 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>Regions &amp; Evergreen</td>
<td>3,463</td>
<td>3,059</td>
<td>13.2%</td>
<td></td>
</tr>
<tr>
<td>Wyoming</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Wyoming</td>
<td>2,997</td>
<td>2,807</td>
<td>6.8%</td>
<td></td>
</tr>
</tbody>
</table>

---

*Oregon State Board of Higher Education - SSP*

Draft Minutes 172  
Appendix “A”
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)

## 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 Level</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>


COMMITTEE DISCUSSION:
Due to the lack of time, the Committee did not discuss the Affordability agenda item.

6. ADJOURNMENT
The meeting adjourned at 3:33 p.m.
OREGON STATE BOARD OF HIGHER EDUCATION
BUDGET & FINANCE COMMITTEE
BALLROOM, MEMORIAL UNION
OREGON STATE UNIVERSITY
FEBRUARY 21, 2003

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 8:30 a.m. by Chair VanLuvanee.

On roll call, the following Committee members answered present:
   Tom Imeson
   Geri Richmond
   Tim Young
   Don VanLuvanee

Absent: Director Bill Williams

Other Board members present:
   Kerry Barnett     Jim Lussier
   Roger Bassett (arrived at 8:45) Erin Watari
   Leslie Lehmann    Phyllis Wustenberg

Chancellor’s Office staff present: Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Michael Green, Grattan Kerans, David McDonald, Ben Rawlins, Bob Simonton, Virginia Thompson, Diane Vines, and Susan Weeks

Others: Dan Bernstine (PSU), Philip Conn (WOU), Phillip Creighton (EOU), Bill Danley (IFS), Martha Anne Dow (OIT), Dave Frohnmayer (UO), Lesley Hallick (OHSU), Andy Saultz (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

- October 18, 2002, Budget & Finance Committee Meeting Minutes
- January 17, 2003, Budget & Finance Committee Meeting Minutes

The Committee dispensed with the reading of the October 18, 2002, and January 17, 2003, Committee meeting minutes. Director Young moved and Director Imeson seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.
3. **ACTION ITEMS**  
   a. **Report on 2002-03 Tuition Surcharge Rates**

**DOCKET ITEM:**

**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 recommended that the Board approve the report on the 2002-03 Tuition Surcharge Rates as submitted.

**COMMITTEE DISCUSSION:**

Vice Chancellor Anderes reminded the Committee that the surcharges are temporary, filling the gap for the remainder of this biennium. The Committee will be addressing this issue again in April, at which time there will be a combination of enrollment and tuition plans from the institutions. There are permanent General Fund reductions that may be further reduced if the Governor and/or legislature create a rainy day fund, for example. Dr. Anderes explained that in April “the Committee would review a plan that, within the best limits of our knowledge at that time, suggests where we can go in terms of enrollments and what would be, for each campus, needed as far as tuition rate increases.”

In response to a question from Director Imeson as to whether there were any themes or similar patterns among the institutions, Vice Chancellor Anderes indicated there were not. Each institution is looking at the problem from a different perspective, taking into account fund balances, projected enrollment, and so forth.
It was pointed out that each institution is setting aside an amount of the surcharge that is proportional to the amounts they had under previous tuition scenarios for the most financially at-risk students. Director Young asked for a report on these plans.

COMMITTEE ACTION:
It was moved by Director Imeson and seconded by Director Young to approve the staff recommendation. Those voting in favor: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.

b. Annual Financial Audit Report

DOCKET ITEM:
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 recommended that the Budget and Finance Committee accept the Annual Financial Statements 2001-2002.

COMMITTEE DISCUSSION:
Representatives from the State Auditor’s Office, Moss Adams (OUS contracted accounting firm), and Mike Green, OUS Controller, were present. It was highlighted that the financial statements looked much different than in the past because of new standards the System implemented.

Mr. Green explained the financial statements and how they varied from previous years. He highlighted that the change in format made it very difficult to show comparability between years, since the data are presented in very different formats. He explained that this would improve over time as the system is fully implemented.

Nancy Young, Audit Administrator with the Secretary of State Audit Division, indicated that the Oregon Secretary of State has the constitutional responsibility to audit the accounts and the financial affairs of all state agencies and state aided institutions. The Audit Division elected to contract, through a competitive bidding process, with an outside firm. The firm chosen was Moss Adams and Ms. Young introduced Mary Case, partner with the firm, and Scott Simpson.

Ms. Case explained the role that Moss Adams played in the present audit and the types of letters and reports they issued to OUS.

Ms. Young discussed some new accounting and auditing standards occurring in the accounting profession. One of them relates to Statement and Auditing Standard 99 that covers fraud in a financial statement audit. She explained that “management is responsible for adopting sound accounting policies and for establishing and maintaining internal control that will, among other things, initiate, record, process, and report transactions consistent with management’s assertions embodied in the financial statements. As such, management should set the proper tone, create and maintain a culture of honesty and high ethical standards, and establish appropriate controls to prevent, deter, and detect fraud. When management and those responsible for the oversight of the financial reporting process fulfill those responsibilities, the opportunities to commit fraud can be reduced significantly,” Ms. Young explained.

Ms. Young also explained that the way in which audits have been performed would be changing as well. Risks facing OUS will have to be identified, assessed, and responded to. “This will mean that we’ll be required to do some surprise type of activities that may include coming at a different time and performing different procedures than we performed the year before,” she explained.
It was pointed out that the Audit Division has just initiated an information technology audit within OUS. This audit begins with a risk assessment at each institution regarding controls over information technology practices.

Director Imeson asked if the auditors had any observations or recommendations for the Board in terms of its responsibility in dealing with audits and, specifically, if they saw a need for a separate audit committee. Ms. Young observed that the important element is that the auditors have access to the right individuals within the System and the Board is a good representation of that. “It is key that the Board considers each of the recommendations and looks at the actions that have or have not been taken and ensures that there is follow-up to each one of those recommendations, whether it comes from the Internal Audit Division or an external auditor. That is a key role for the Board to play,” she concluded.

Continuing to explore the issue, Director Imeson indicated that there are instances, perhaps more in the private sector than in the public sector, when there is a direct relationship to the internal and external auditors by a board to ensure “that they are receiving, in an unfiltered and unvarnished way, whatever they need to receive. Perhaps we do need to look at our own structure to ensure that we have that capability.” Director Lehmann concurred, adding that since the Executive Committee was not meeting on a regular basis there might be another venue for audit considerations.

COMMITTEE ACTION:

It was moved by Director Richmond and seconded by Director Young that the Committee approve the staff recommendation. Those voting in favor: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.

c. Sale of Land and Approval of Housing and Academic Services Agreement, PSU

DOCKET ITEM:

Summary
Portland State University (PSU) sought 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). Taxable bonds will fund the balance of the financing. 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 recommended 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.

COMMITTEE DISCUSSION:
Vice Chancellor Anderes introduced the unique request from PSU and President Dan Bernstine, Jay Kenton, Vice President for Finance and Administration at PSU, and Wendy Robinson, Assistant Attorney General with the Department of Justice who provided the context for the current request.

Dr. Kenton underscored the importance of the project to PSU and the unique role that the PSU Foundation was playing in establishing an LLC to manage or contract with a management firm to operate the facility. Ms. Robinson clarified that the bonds would be issued at a floating rate of around 1.25 percent to the LLC. “At the time of closing, PSU
would choose when it was going to trade the bonds for a fixed rate and during the period of time before it trades them for the fixed rate it continues to pay at this very low rate. Obviously, it can move up and down, but historically, over the past 20 years, it has never gone above about 5.5 percent and it is not expected within the period of time we have to swap, to increase above that amount. Then we swap in for the fixed rate and pay the interest rate at the fixed rate.”

Director Wustenberg asked why the LLC would swap. Ms. Robinson replied that with the flexible rate there is quite a bit of risk that the rate could increase significantly and the university is not willing to take that risk. “We’re willing to take the risk over a period of zero to 12 months. We’re not willing to take it over 30 years,” she added.

Director Young raised a question concerning management of PSU facilities and if PSU would at some point be looking to assume the role. Dr. Kenton responded that PSU has been extremely satisfied with College Housing Northwest, with whom they have worked since 1969. In response to a question regarding the risks or obligations to the System with approval of this transaction, Dr. Kenton explained that one of the greatest risks would be if the rentals of the units were not to materialize. The present demand is so high that this does not look like a very great risk. The bond payments would need to be met whether occupancy occurred or not.

COMMITTEE ACTION:
It was moved by Director Young and seconded by Director Richmond to approve the staff recommendation. Those voting in favor: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.

d. Resolution for the Sale of Article XI-G Bonds

DOCKET ITEM:

<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 authorized 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 recommended the Board: 1) adopt the following resolution for authorizing the sale of Article XI-G bonds for capital projects.

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>TOTAL XI-G Projects</td>
<td>$61,330,500</td>
<td>NA</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</td>
<td>$818</td>
<td>1.55%</td>
<td>$515</td>
</tr>
<tr>
<td>1993-1995</td>
<td>866</td>
<td>1.47%</td>
<td>482</td>
</tr>
<tr>
<td>1995-1997</td>
<td>991</td>
<td>1.67%</td>
<td>422</td>
</tr>
<tr>
<td>1997-1999</td>
<td>1,062</td>
<td>1.73%</td>
<td>496</td>
</tr>
<tr>
<td>1999-2001</td>
<td>1,395</td>
<td>1.33%</td>
<td>740</td>
</tr>
<tr>
<td>2001-2003</td>
<td>1,539</td>
<td>1.39%</td>
<td>749</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>Year</th>
<th>Beginning Bonds Outstanding</th>
<th>Annual Debt Service</th>
<th>Biennial Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-1998</td>
<td>$64.2</td>
<td>$8.5</td>
<td>$18.0</td>
</tr>
<tr>
<td>1998-1999</td>
<td>73.6</td>
<td>9.5</td>
<td></td>
</tr>
<tr>
<td>1999-2000</td>
<td>75.8</td>
<td>9.7</td>
<td>18.6</td>
</tr>
<tr>
<td>2000-2001</td>
<td>94.4</td>
<td>8.9</td>
<td></td>
</tr>
<tr>
<td>2001-2002</td>
<td>89.3</td>
<td>9.7</td>
<td>21.4</td>
</tr>
<tr>
<td>2002-2003</td>
<td>123.2</td>
<td>11.7</td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>177.4</td>
<td>16.2</td>
<td>30.8</td>
</tr>
<tr>
<td>2004-2005</td>
<td>170.5</td>
<td>14.6</td>
<td></td>
</tr>
</tbody>
</table>

COMMITTEE DISCUSSION:
Robert Simonton, Director of Capital Construction Planning and Budget, explained that the recommendation before the Committee was for approval of $61,330,500 in Article XI-G Bonds for five projects at five institutions. Mr. Simonton explained that the sale is late enough in the biennium that the first debt service payment will not incur until the next biennium. “This sale maintains a very conservative posture with regard to the OUS credit limit and does not impact the current biennia’s operating budget,” Mr. Simonton concluded.

COMMITTEE ACTION:
It was moved by Director Richmond and seconded by Director Young that the Committee approve the staff recommendation. Those voting in favor: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.

4. **Consent Items**
a. OSU Veterinary Medicine Additional Funding Request

DOCKET ITEM:
*Summary*
Oregon State University (OSU) sought 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 construct ability 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 Marauder 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
The OSU Foundation in the form of gifts will provide funds for the unforeseen work.
Staff Recommendation to the Budget and Finance Committee

Staff recommended 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.

COMMITTEE ACTION:

It was moved by Director Imeson and seconded by Director Young that the Committee approve the staff recommendation. Those voting yes: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.

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

DOCKET ITEM:

Summary

The purpose of this report was 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 presented 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 recommended that the Board accept the OSU Intercollegiate Athletics Department Fiscal Status Report, December 31, 2002, as submitted.
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>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Favorable</td>
<td>Unfavorable</td>
<td>% Variance</td>
</tr>
<tr>
<td>Beginning Fund Balance (Deficit)</td>
<td>(4,684,091)</td>
<td>(5,633,020)</td>
<td></td>
</tr>
<tr>
<td>Revenues:</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     14.36%</td>
</tr>
<tr>
<td>Student Fees</td>
<td>413,973</td>
<td>387,600</td>
<td>26,373        6.77%</td>
</tr>
<tr>
<td>Lottery</td>
<td>203,921</td>
<td>113,900</td>
<td>90,021        79.36%</td>
</tr>
<tr>
<td>Gifts, Foundation, and Booster</td>
<td>1,870,410</td>
<td>2,081,753</td>
<td>(211,343)    -10.15%</td>
</tr>
<tr>
<td>Other</td>
<td>45,296</td>
<td>47,872</td>
<td>(2,576)       -5.39%</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>8,682,936</td>
<td>8,008,280</td>
<td>674,656       8.42%</td>
</tr>
<tr>
<td>Expenses:</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) -9.78%</td>
</tr>
<tr>
<td>Scholarships</td>
<td>3,106,976</td>
<td>3,238,221</td>
<td>131,245       4.05%</td>
</tr>
<tr>
<td>Other</td>
<td>209,808</td>
<td>322,500</td>
<td>112,692       34.94%</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>14,603,013</td>
<td>13,841,046</td>
<td>(761,967)    -5.51%</td>
</tr>
<tr>
<td>Net Income (Loss) from Operations</td>
<td>(5,920,077)</td>
<td>(5,832,766)</td>
<td>$ 87,311      -1.50%</td>
</tr>
<tr>
<td>Fund Balance (Deficit) Before Subsidy</td>
<td></td>
<td>(11,465,786)</td>
<td></td>
</tr>
<tr>
<td>Institutional Funds Subsidy</td>
<td>2,012,595</td>
<td>2,640,736</td>
<td></td>
</tr>
<tr>
<td>Ending Fund Balance (Deficit)</td>
<td>(8,591,573)</td>
<td>(8,825,050)</td>
<td></td>
</tr>
<tr>
<td>Cash (Overdraft)</td>
<td>(4,342,187)</td>
<td>(3,848,945)</td>
<td></td>
</tr>
<tr>
<td>Loans Outstanding</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>
</tr>
<tr>
<td>Cash (Overdraft) – Net of Borrowed Funds</td>
<td>(8,842,187)</td>
<td>(11,848,945)</td>
<td></td>
</tr>
</tbody>
</table>

Unedited - Prepared for Management Purposes Only
Oregon State University Intercollegiate Athletics  
Notes to Financial Statement  
Fiscal Year-to-Date December 31, 2002 and 2001

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

**COMMITTEE ACTION:**  
It was moved by Director Imeson and seconded by Director Young that the Committee approve the staff recommendation. Those voting in favor: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.
5. **REPORT ITEM**
   a. **Report on the History and Current Status of Fee Remissions**

   **DOCKET ITEM:**
   **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.

COMMITTEE DISCUSSION:
Dr. Dave McDonald, Director of Enrollment Services for OUS began the discussion by indicating there was an error in the data as reported. The UO had undercounted the number of fee remission students by 3,000. He reminded the Board that fee remissions fall into the categories identified by the Board: affordability, access and participation, and enrollment management.

Fee remissions are a very common national practice and are a tool that has several advantages. First, it is a primary way in which students who are from lower income backgrounds can receive some kind of support to offset the costs of higher tuition. It is also used to enhance campus diversity and, through the WUE international components, we can further attract students into Oregon. Graduate students receive substantial support as well through fee remissions. Within the OUS, remission use differs by campus and that is an indicator that the campuses are using the program to meet their own enrollment goals in a very local context.

Dr. McDonald pointed out that total remissions have stayed between 13.8 and 14.9 percent of the tuition revenue and approximately 60 percent of the funds are used for programmatic support and approximately 40 percent go to graduate assistants.

Director Wustenberg indicated that there was a statement in the background material that indicated that fee remissions are primarily used to recruit new students. “How does this fit with the fact that we’re going to have to limit the enrollment? How does this fit together,” she asked. Mr. McDonald replied that it fit very well. “If we go to a situation with limited enrollment, we still have enrollment management strategies that seek to promote access to low income students or high achieving students or those with diverse backgrounds. We need to remember that for the total number of students who receive fee remissions, 70 percent of them are also recipients of need-based financial aid.”

Director Bassett asked if there were a similar disclosure of fee remissions by the independent college sector in Oregon. Mr. McDonald replied that the independent sector typically guards their financial aid packaging as closely as possible. Continuing, Mr. Bassett offered, “…except as we are able to get a similar disclosure (from the independent college sector) it’s going to be very difficult under these or future budget circumstances to deal with the question of state policy on financial aid.

“Is there any way to know, in reference to affordability, approximately what percentage of the total dollars is involved in that aspect and to what degree are the numbers in this report a subsidy of the state’s failure to invest in the Oregon Opportunity Grant,” Director Bassett asked. Mr. McDonald replied that approximately 10 percent of the overall budget is involved and that the numbers reflect a great subsidy. “If the Opportunity Grant were funded at the 15 percent level of all eligible students, there
would still be a substantial need for the remaining 85 percent of the cost that isn’t funded.”

In conclusion, Director Bassett commented that “we’re going to reach a point where we are going to have to discuss the importance of the Oregon Opportunity Grant as if it were one of our priorities and even though it is in, technically, competition in the Appropriation Committee with our budgets, it is so wrapped up in the dynamics of how we’re trying to deal with this budget situation that I think we’re going to have to embrace it as if it were our program almost.”

6. **ADJOURNMENT**
   It was moved by Director Young and seconded by Director Richmond that the meeting be adjourned. Those voting in favor: Directors Imeson, Richmond, Young, and VanLuvanee. Those voting no: none.

   The meeting adjourned at 10:04 a.m.
SUPPLEMENTAL MATERIALS

PSU, M.S., Statistics

(For hard copies of this item, contact Academic Affairs at 541-346-5721)

April 17 & 18, 2003
Oregon State Board of Higher Education
Oregon State Board of Higher Education

SUPPLEMENTAL MATERIALS

PSU, Graduate Certificate, Geographic Information Systems

(For hard copies of this item, contact Academic Affairs at 541-346-5721)

April 17 & 18, 2003
Oregon State Board of Higher Education
Supplemental Materials

UO, B.A./B.S., Multimedia Design

(For hard copies of this item, contact Academic Affairs at 541-346-5721)

April 17 & 18, 2003
Oregon State Board of Higher Education
Oregon State Board of Higher Education

SUPPLEMENTAL MATERIALS

SOU, Undergraduate Certificate, Interactive Marketing & e-Commerce

(For hard copies of this item, contact Academic Affairs at 541-346-5721)

April 17 & 18, 2003
Oregon State Board of Higher Education
System Strategic Planning Committee

SUPPLEMENTAL MATERIALS

OUS Diversity Report 2003
Student, Faculty, and Staff Racial/Ethnic Diversity:
A Retrospective of Five- and Ten-Year Progress

April 17 & 18, 2003
Oregon State Board of Higher Education
OUS Diversity Report 2003 Links

Title Page
Table of Contents
OUS Diversity Report 2003
Appendix 1a – OUS Enrollment by Racial/Ethnic Group (fall 2002)
Appendix 1b – OUS Enrollment by Racial/Ethnic Group (fall 1997)
Appendix 1c – OUS Enrollment by Racial/Ethnic Group (fall 1992)
Appendix 2a – OUS Enrollment of First-Time Freshmen by Racial/Ethnic Group (fall 2002)
Appendix 2b – OUS Enrollment of First-Time Freshmen by Racial/Ethnic Group (fall 1997)
Appendix 2c – OUS Enrollment of First-Time Freshmen by Racial/Ethnic Group (fall 1992)
Appendix 3a – OUS Ten Year Degrees Awarded by All Levels, Discipline, and Racial/Ethnic Group (1992-2002)
Appendix 3b – OUS Degrees Awarded by All Levels, Discipline, and Racial/Ethnic Group (2001-2002)
Appendix 3c – OUS Degrees Awarded by All Levels, Discipline, and Racial/Ethnic Group (1996-97)
Appendix 3d – Aggregate OUS Degrees Awarded by All Levels, Discipline, and Racial/Ethnic Group (1991-92)
Appendix 4a – OUS Full-Time Ranked Instructional Faculty by Racial/Ethnic Group (2002-03)
Appendix 4b – OUS Full-Time Ranked Instructional Faculty by Racial/Ethnic Group (1997-98)
Appendix 4c – OUS Full-Time Ranked Instructional Faculty by Racial/Ethnic Group (1992-93)
Supplemental Materials

Institutional Tuition Proposal 2003-04 and 2004-05

April 17 & 18, 2003
Oregon State Board of Higher Education
Oregon State Board of Higher Education

SUPPLEMENTAL MATERIALS

Managerial Reporting – Quarterly Management Reports

April 17 & 18, 2003
Oregon State Board of Higher Education
Oregon State Board of Higher Education

SUPPLEMENTAL MATERIALS

Student Shared Governance

April 17 & 18, 2003
Oregon State Board of Higher Education
Student Shared Governance

Summary
For the past several months, there have been ongoing discussions among the State Board of Higher Education, the Chancellor, institution presidents, and leaders of the Oregon Student Association regarding student shared governance. The following policy is to formalize the concept, philosophy, and practice of shared governance.

Policy and Guidelines
I. PURPOSE

The Oregon University System (OUS) hereby endorses the concept and philosophy of shared governance between OUS institutions and the students of those institutions. The following policy statement provides a framework and principles to guide each campus’ enactment of a campus-specific policy that sets forth the application of this principle to that campus’ governance structure.

II. OBJECTIVES

• To recognize the value and importance of assuring students a voice in the educational process, particularly with respect to student life, services, and interests.
• To recognize students’ rights to organize themselves and to select and recommend student representatives to a university governance structure.
• To encourage and facilitate student involvement in university decision-making.

III. PRINCIPLES

A. Ultimate authority for the welfare of OUS and its institutions resides with the Oregon State Board of Higher Education. The Board has delegated (and may further delegate) aspects of that authority to the Chancellor (and/or the presidents) to assure efficient management of the System and its institutions.

B. Many aspects of shared governance with the faculties of OUS institutions have a long and successful history.

C. The intent of the current policy is to recognize the value of shared governance with the students of OUS institutions.

D. It is the intent of this policy to establish a state level of support for student shared governance. It shall be the responsibility of each institution to identify the particular areas best suited for the application of this concept at the respective institution. Accordingly, students shall have the
opportunity to participate, appropriate to their special knowledge and perspective, in decisions that relate to, but are not limited to:

1. Academic grading policies
2. Academic disciplinary policies
3. Academic courses or programs to be initiated or discontinued
4. Codes of student conduct
5. Curriculum development
6. Institutional planning
7. Selection and appointment of student services administrators
8. Tuition, fees, room and board rates
9. University mission and vision

IV. IMPLEMENTATION

A. Each institution shall develop written procedures to incorporate the principles of this Board policy.

B. Each institution shall report the resulting procedures, evidence of implementation or, in the alternative, provide a report documenting how these principles of shared governance have already been incorporated into the institution’s governance structure. The report shall be provided to the Chancellor, or his designee, by December 1, 2003.

C. The presidents are charged with the responsibility of ensuring that the principles of shared governance with students are incorporated, where appropriate, throughout the university.

Staff Recommendation to the Board
Staff recommends the Board adopt the Policy and Guidelines for Shared Governance of Students and that the Chancellor provide the Board with a report of progress on implementation at the January 2004 Board meeting.

(Board action required.)