1. Call to Order/Roll Call

2. Approval of Minutes  
   • September 19, 2002, Investment Committee Meeting Minutes

3. Report items
   a. Investment Manager Report—T. Rowe Price
   b. Investment Manager Report—Western Asset
   c. Third Quarter Investment Report for FY 2003
   d. International Equity Manager Search
   e. Asset Allocation Study

4. 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.
### U.S. EQUITY INVESTMENTS

<table>
<thead>
<tr>
<th>Fund</th>
<th>Market 1/01/03</th>
<th>Market 1/31/03</th>
<th>Market 2/28/03</th>
<th>Market 3/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGI Alpha Tilts Fund B</td>
<td>$22,250,91</td>
<td>$21,705,86</td>
<td>$21,424,78</td>
<td>$21,748,15</td>
</tr>
<tr>
<td>Batterymarch</td>
<td>7,000,897</td>
<td>6,902,592</td>
<td>6,794,005</td>
<td>6,890,768</td>
</tr>
<tr>
<td><strong>Total U. S. Equity Investments</strong></td>
<td><strong>$29,251,811</strong></td>
<td><strong>$28,608,45</strong></td>
<td><strong>$28,218,79</strong></td>
<td><strong>$28,638,92</strong></td>
</tr>
</tbody>
</table>

### FOREIGN EQUITY INVESTMENTS

<table>
<thead>
<tr>
<th>Fund</th>
<th>Market 1/01/03</th>
<th>Market 1/31/03</th>
<th>Market 2/28/03</th>
<th>Market 3/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>T. Rowe Price Foreign Equity Fund</td>
<td>$5,156,205</td>
<td>$4,933,286</td>
<td>$4,763,674</td>
<td>$4,647,369</td>
</tr>
<tr>
<td><strong>Total Foreign Equity Investment</strong></td>
<td><strong>$5,156,205</strong></td>
<td><strong>$4,933,286</strong></td>
<td><strong>$4,763,674</strong></td>
<td><strong>$4,647,369</strong></td>
</tr>
</tbody>
</table>

### FIXED INCOME INVESTMENTS

<table>
<thead>
<tr>
<th>Fund</th>
<th>Market 1/01/03</th>
<th>Market 1/31/03</th>
<th>Market 2/28/03</th>
<th>Market 3/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Asset Core Plus</td>
<td>$12,675,15</td>
<td>$12,787,10</td>
<td>$12,948,81</td>
<td>$12,936,37</td>
</tr>
<tr>
<td><strong>Total Other Investments</strong></td>
<td><strong>$12,675,15</strong></td>
<td><strong>$12,787,10</strong></td>
<td><strong>$12,948,81</strong></td>
<td><strong>$12,936,37</strong></td>
</tr>
</tbody>
</table>

### CASH

<table>
<thead>
<tr>
<th>Market 1/01/03</th>
<th>Market 1/31/03</th>
<th>Market 2/28/03</th>
<th>Market 3/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,437,155</td>
<td>$2,437,154</td>
<td>$2,438,338</td>
<td>$2,445,036</td>
</tr>
</tbody>
</table>

### TOTAL ENDOWMENTS-POOLED

<table>
<thead>
<tr>
<th>Market 1/01/03</th>
<th>Market 1/31/03</th>
<th>Market 2/28/03</th>
<th>Market 3/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>$49,606,47</td>
<td>$48,852,14</td>
<td>$48,455,76</td>
<td>$48,746,50</td>
</tr>
</tbody>
</table>

### TOTAL ENDOWMENTS –SEPARATELY INVESTED

<table>
<thead>
<tr>
<th>Market 1/01/03</th>
<th>Market 1/31/03</th>
<th>Market 2/28/03</th>
<th>Market 3/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,276,842</td>
<td>$3,275,512</td>
<td>$3,275,512</td>
<td>$3,276,621</td>
</tr>
</tbody>
</table>

### TOTAL ENDOWMENTS

<table>
<thead>
<tr>
<th>Market 1/01/03</th>
<th>Market 1/31/03</th>
<th>Market 2/28/03</th>
<th>Market 3/31/03</th>
</tr>
</thead>
<tbody>
<tr>
<td>$52,883,31</td>
<td>$52,129,36</td>
<td>$51,731,27</td>
<td>$52,023,12</td>
</tr>
</tbody>
</table>

* Other Investments are valued on a quarterly basis.
** Value as of Dec 31, 2002.
### Oregon University System
#### 2002-03 Third Quarter Asset Allocation by Category
##### Pooled Endowment Fund
##### As of Mar 31, 2003

<table>
<thead>
<tr>
<th>Class</th>
<th>Actual Allocation</th>
<th>Target Allocation</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity Category</td>
<td>68.3%</td>
<td>70.0%</td>
<td>60%-80%</td>
</tr>
<tr>
<td>Fixed Income Category</td>
<td>26.5%</td>
<td>25.0%</td>
<td>20%-30%</td>
</tr>
<tr>
<td>Cash</td>
<td>5.0%</td>
<td>5.0%</td>
<td>0%-10%</td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>0.2%</td>
<td></td>
<td>0%-10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>100%</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

#### Equity Category:
- Large-Cap Equity: 65.0% (65.0%) 55%-75%
- Small/Mid-Cap Equity: 21.0% (20.0%) 15%-25%
- International Equity: 14.0% (15.0%) 10%-20%

### Pie Chart:
- **Equity Category**: 68.3%
- **Fixed Income**: 26.5%
- **Cash**: 5%
- **Alternative Assets**: 0.2%
- **International Equity**: 14.0%
- **Large-Cap**: 65%
- **Small/Mid-Cap**: 21%
- **International**: 14%

---

Oregon State Board of Higher Education
Investment Committee
Docket July 17, 2003

REPORT ITEM 2
**Oregon University System**  
*2002-03 Third Quarter Investment Report as of Mar 31, 2003*  
*Pooled Endowment Fund Investment Performance*  
*(Based on Total Return)*

<table>
<thead>
<tr>
<th></th>
<th>Monthly Returns</th>
<th>Third Quarter</th>
<th>YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan 2003</td>
<td>Feb 2003</td>
<td>Mar 2003</td>
</tr>
<tr>
<td><strong>TOTAL ENDOWMENT OUS</strong></td>
<td>-1.3%</td>
<td>-0.6%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Target Allocation Policy Benchmark</td>
<td>-1.7%</td>
<td>-0.9%</td>
<td>0.4%</td>
</tr>
<tr>
<td><strong>OUS U.S. Equity Investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russell 3000 Index</td>
<td>-2.5%</td>
<td>-1.7%</td>
<td>1.1%</td>
</tr>
<tr>
<td>BGI Alpha Tilt Fund B</td>
<td>-2.5%</td>
<td>-1.3%</td>
<td>1.5%</td>
</tr>
<tr>
<td>S &amp; P 500 Stock Index</td>
<td>-2.6%</td>
<td>-1.5%</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>Batterymarch</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russell 2500 Index</td>
<td>-2.7%</td>
<td>-2.4%</td>
<td>1.0%</td>
</tr>
<tr>
<td><strong>OUS Foreign Equity Investments</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T. Rowe Price Foreign Equity Fund</td>
<td>-4.3%</td>
<td>-3.4%</td>
<td>-2.4%</td>
</tr>
<tr>
<td>MSCI EAFE Index</td>
<td>-4.2%</td>
<td>-2.3%</td>
<td>-2.0%</td>
</tr>
<tr>
<td><strong>FIXED INCOME INVESTMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Asset Core Plus</td>
<td>1.3%</td>
<td>1.6%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Lehman Aggregate Index</td>
<td>0.9%</td>
<td>1.4%</td>
<td>-0.1%</td>
</tr>
<tr>
<td><strong>OTHER INVESTMENTS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment Partners Fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment Venture Partners</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Notes:** All amounts are net of investment charges. Items underlined are returns which are less than their benchmarks’ returns.
## Total Endowment Fund Historical Comparison

As of March 31, 2003

### Graph

- **Y-axis:** $0 - $80,000,000
- **X-axis:** 1993 to 2003
- **Donated Value**
- **Market Value**

### Table

<table>
<thead>
<tr>
<th>Year</th>
<th>Donated Value</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>$20,256,956</td>
<td>$32,591,931</td>
</tr>
<tr>
<td>1994</td>
<td>23,558,200</td>
<td>35,301,943</td>
</tr>
<tr>
<td>1995</td>
<td>24,107,696</td>
<td>39,379,440</td>
</tr>
<tr>
<td>1996</td>
<td>28,397,045</td>
<td>48,075,605</td>
</tr>
<tr>
<td>1997</td>
<td>29,239,189</td>
<td>54,451,357</td>
</tr>
<tr>
<td>1998</td>
<td>28,416,278</td>
<td>61,333,357</td>
</tr>
<tr>
<td>1999</td>
<td>29,254,078</td>
<td>65,920,823</td>
</tr>
<tr>
<td>2000</td>
<td>29,932,316</td>
<td>70,576,083</td>
</tr>
<tr>
<td>2001</td>
<td>29,758,221</td>
<td>62,846,919</td>
</tr>
<tr>
<td>2002</td>
<td>29,952,306</td>
<td>53,709,802</td>
</tr>
<tr>
<td>2003</td>
<td>29,992,103</td>
<td>52,030,469</td>
</tr>
</tbody>
</table>
Oregon State Board of Higher Education
Board Renewal Work Session
Lower Level Library
Central Oregon Community College
July 17, 2003
3:15 p.m. – 5:30 p.m.

AGENDA

1. Call to Order/Roll Call

2. Assessment/Evaluation Items
   a. The Chancellor’s Evaluation
   b. Presidential Evaluations and Structure for the Future
   c. Preliminary Examination of Board Self-Evaluation

3. Discussion Items
   a. Joint Boards and the K-16 Connection
      (See also Supplementary Material – Appendix “B“)
   b. Lessons Learned from the WOU and OSU Searches—Implications for Procedural Changes
   c. Governance and the Intent of SB 271 and SB 437

4. 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.
Joint Boards and the K-16 Connection
Aligning Public University Admission with K-12 Student Learning

Executive Summary

How is K-12 student learning aligned with public university admission in Oregon?

- Following directions set by the Board of Higher Education in 1993, proficiency standards for entry into the Oregon University System (OUS) have been developed and aligned with Oregon’s K-12 standards. Student proficiency levels have been benchmarked at grades 3, 5, 8, and 10 indicating students’ preparation in K-12 for postsecondary education.
- State assessments at the high school level in English, math, and science and commonly used national assessments have been aligned with proficiency standards for entry into OUS.
- Oregon is the first state to have accomplished this K-16 alignment and have it supported in policy by the Joint Boards of Education.

How does alignment impact the preparation of students for success in college?

- The First Year Study found that (1) students who met standards in high school were more likely to succeed in their first year of college than those who did not meet standards; (2) evidence of proficiency, including the 10th grade benchmark performance information, can serve as a planning tool for the last two years of high school; and (3) while there is no single perfect predictor of first-year college success, there is a positive relationship among the high school GPA, SAT I, and evidence of proficiency (performance on state high school assessments).
- In order to ensure the rigor of the high school coursework that students complete in the process of preparing for college, The OUS Course Approval Process was redesigned to require high schools to map course content to college entry standards.

What legislative and policy changes affect alignment?

- The federal No Child Left Behind (NCLB) legislation requires states to develop or adopt standards in reading/language arts, math, and science and assess these areas at the high school level by 2006-07. Assessments must involve multiple measures of learning, including higher-order thinking and understanding.
- New graduation requirements adopted by the State Board of Education in March 2002, require that all students have an education plan and profile that prepares them for postsecondary opportunities in college or work.
- In June 2003, the Oregon Legislative Assembly adopted HB 2744 that focuses the direction of school reform on requiring state-level assessments in English, math, and science, and specifying establishment of performance standards only (minus required assessments) in second languages, social sciences, and the arts. This
legislation streamlines Certificate of Initial Mastery (CIM) requirements and delays implementation of the Certificate of Advanced Mastery (CAM).

Where are we headed?

- Results of a decade of alignment of K-16 standards and assessments with OUS expectations of student preparation for admission, and outcomes of *The First Year Study* linking college success with high school performance, indicate that evidence of proficiency significantly enhances information traditionally provided in the admission process.
- When the Board of Higher Education directed development of the Proficiency-based Admission Standards System (PASS) in 1993, PASS was expected to become the primary admission policy when K-12 reform and OUS alignment made that feasible. Given the lengthy evolution of reform, changes in legislation and policy in the state and nation, and significant resource constraints in the K-12 schools and OUS, staff propose that the Board clarify its policy position, as follows:

  Evidence of applicants’ proficiency will be required in fall 2006 to complement rather than replace current undergraduate admission requirements. For this policy to become effective, implementation of an integrated data transfer system between Oregon high schools and postsecondary institutions is necessary.

- Based on recent progress by the K-12/community colleges/OUS partnership that is designing an integrated data transfer system, and a plan for piloting the prototype among high schools and postsecondary institutions in 2003-04, we can be reasonably confident that the gap between planning and implementation will close in the next three years. In the meantime, the Board of Higher Education will have reaffirmed the importance of proficiency attainment as preparation for college, Oregon high schools will receive the policy clarifications they seek from OUS, and OUS universities will have clear Board-established parameters within which to make refinements in their undergraduate admission strategies.
AGENDA

1. Call to Order/Roll Call

2. Discussion Item
   a. Review of Audit Findings

3. 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.
Oregon State Board of Higher Education
Executive Committee

Internal Audit Division

Six-Month Progress Report
December 2002 to June 2003

July 18, 2003
Oregon State Board of Higher Education
TABLE OF CONTENTS

I. Background .......................................................................................................................8
II. Audits Completed December 2002 to June 2003 .......................................................9
III. Audit Plans for July 2003 to December 2003 ............................................................14
IV. Risk Assessment Model and Approach......................................................................15
V. Organizational Changes and Resource Allocation.....................................................18
I. Background

As outlined in the Oregon State Board of Higher Education Audit Charter, adopted in November 2002, the Oregon State Board of Higher Education (the Board) has oversight responsibility to ensure that OUS management is performing their duties of financial reporting, effective and efficient internal controls, and compliance with laws, regulations, and ethics. As part of this oversight responsibility, the Board shall have the following responsibilities and powers and shall perform the following functions as it relates to audits. The provisions of the charter include (in part) the following:

- The Oregon State Board of Higher Education shall approve annually the Internal Audit Division’s annual audit plans and budget.
- The Oregon State Board of Higher Education shall review at least semi-annually the results of Internal Audit recommendations and follow-up procedures. More frequent meetings will be held as deemed necessary.
- The Oregon State Board of Higher Education shall review any recommendations the external auditors or the internal financial or auditing staff may have for improving internal accounting controls, management systems or choices of accounting principles.

The Board shall have and exercise all other powers, as it shall deem necessary, for the performance of its duties.

The Board has delegated these audit duties to the Executive Committee. The Executive Committee shall report the results of internal and external audit findings to the full Board at least once a year.
II. Audits Completed December 2002 to June 2003

The Internal Audit Division (IAD) issued a total of 29 reports and memos between December 2002 and June 2003. In addition, fieldwork was completed and draft reports were issued to management for 14 other audits. All issued reports contain management’s written response that indicated adequate steps will be taken to address any internal control issues noted.

University of Oregon

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Conclusion/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FERPA</td>
<td>Scheduled Audit</td>
<td>Satisfactory—Controls are adequate to provide compliance assurance related to confidentiality of student records as required by federal law.</td>
</tr>
<tr>
<td>Asbestos Abatement</td>
<td>Special Request</td>
<td>Noted a need to improve procurement procedures.</td>
</tr>
<tr>
<td>Asbestos Abatement</td>
<td>Special Request</td>
<td>Special Request Noted a need to improve procurement procedures.</td>
</tr>
<tr>
<td>Application Security</td>
<td>Information Technology</td>
<td>Noted a need to restrict access on FIS security classes and create a security policy.</td>
</tr>
<tr>
<td>PARS Follow Up</td>
<td>Audit Follow Up</td>
<td>100% compliance with recommendations—noted improved safeguarding of assets.</td>
</tr>
<tr>
<td>intoCareers Follow up</td>
<td>Audit Follow Up</td>
<td>100% compliance with recommendations—noted improved accounting procedures and safeguarding of assets.</td>
</tr>
<tr>
<td>Athletics Follow Up</td>
<td>Audit Follow Up</td>
<td>85% compliance with original recommendation—noted lack of supervisory review of travel vouchers and communication to management on non-compliance issues noted by staff.</td>
</tr>
</tbody>
</table>
### Oregon State University

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Conclusion/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FERPA</td>
<td>Scheduled Audit</td>
<td>Satisfactory—Controls are adequate to provide compliance assurance related to confidentiality of student records as required by federal law.</td>
</tr>
<tr>
<td>Student Housing Construction</td>
<td>Special Request</td>
<td>Noted potential cost recovery of excess contractor charges in the amount over $100,000.</td>
</tr>
<tr>
<td>Overhead Charges</td>
<td>Special Request</td>
<td>Noted self supporting operations were not charged required overhead rates. Business Affairs rectified the issue.</td>
</tr>
<tr>
<td>IT Equipment Tracking</td>
<td>Information Technology</td>
<td>Noted strong internal controls over safeguarding minor equipment with stop tag program and efficiency created by management in streamlining minor inventory recordkeeping.</td>
</tr>
<tr>
<td>Application Security</td>
<td>Information Technology</td>
<td>Noted a need to restrict access on FIS security classes, create a security policy, and reduce approval queue limits.</td>
</tr>
<tr>
<td>Dixon Recreation Follow Up</td>
<td>Audit Follow Up</td>
<td>100% compliance with recommendations—noted improved safeguarding of assets.</td>
</tr>
<tr>
<td>Cashiering Follow Up</td>
<td>Audit Follow Up</td>
<td>45% compliance with recommendations—noted a need to improve safeguards over vault and lack of written procedures.</td>
</tr>
</tbody>
</table>
### Portland State University

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Conclusion/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FERPA</td>
<td>Scheduled Audit</td>
<td>Satisfactory—Controls are adequate to provide compliance assurance related to confidentiality of student records as required by federal law.</td>
</tr>
<tr>
<td>Application Security</td>
<td>Information Technology</td>
<td>Noted a need to restrict access on FIS security classes and create a security policy.</td>
</tr>
<tr>
<td>Financial Aid Review</td>
<td>Special Request</td>
<td>Noted unauthorized change of financial aid record and conflict of interest. The existing controls detected inappropriate change prior to disbursement of funds.</td>
</tr>
</tbody>
</table>

### Western Oregon University

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Conclusion/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>President’s Residence</td>
<td>Special Request</td>
<td>Noted cost overruns due to inadequate project management.</td>
</tr>
<tr>
<td>Faculty Travel Irregularity</td>
<td>Special Request</td>
<td>Noted university incurred $1,526 of travel expenses for conferences the professor did not attend.</td>
</tr>
<tr>
<td>Bookstore Review</td>
<td>Special Request</td>
<td>Noted misappropriation of assets of $81,721. Unsatisfactory internal control structure noted. Improvements are being made.</td>
</tr>
<tr>
<td>IT Equipment Tracking</td>
<td>Information Technology</td>
<td>Noted controls deemed appropriate to safeguard assets.</td>
</tr>
</tbody>
</table>
## Southern Oregon University

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Conclusion/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FERPA Audit</td>
<td>Scheduled Audit</td>
<td>Satisfactory—Controls are adequate to provide compliance assurance related to confidentiality of student records as required by federal law.</td>
</tr>
<tr>
<td>RVTV Audit</td>
<td>Special Request</td>
<td>Noted a lack of accounting and monitoring controls.</td>
</tr>
<tr>
<td>Physical Plant Follow Up</td>
<td>Audit Follow Up</td>
<td>100% compliance with recommendations—noted improved safeguarding of assets.</td>
</tr>
<tr>
<td>Athletic Cash Receipts Follow Up</td>
<td>Audit Follow Up</td>
<td>100% compliance with recommendations—noted improved safeguarding of assets.</td>
</tr>
</tbody>
</table>

## Oregon Institute of Technology

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Conclusion/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASOIT Follow Up</td>
<td>Audit Follow Up</td>
<td>100% compliance with recommendations—noted improved safeguarding of assets.</td>
</tr>
<tr>
<td>CITS General Controls Follow Up</td>
<td>Audit Follow Up</td>
<td>60% compliance—noted incomplete disaster recovery and security policy, password controls, and untimely removal of terminated employee access.</td>
</tr>
</tbody>
</table>
### Chancellor’s Office

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Conclusion/Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Application Security</td>
<td>Information Technology</td>
<td>Noted a need to restrict access on FIS security classes, create a security policy, and reduce approval queue limits.</td>
</tr>
<tr>
<td>Chancellor Change Review</td>
<td>Special Request</td>
<td>Noted effective transition and no issues with Chancellor Cox’s fiscal transactions.</td>
</tr>
<tr>
<td>ETIC Follow Up</td>
<td>Audit Follow Up</td>
<td>75% compliance with recommendations—consistency and accuracy of fiscal and progress reporting.</td>
</tr>
</tbody>
</table>

### Draft Reports

<table>
<thead>
<tr>
<th>Audit Name</th>
<th>Audit Type</th>
<th>Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchasing Follow Up</td>
<td>Audit Follow Up</td>
<td>Seven Universities and Chancellor’s Office</td>
</tr>
<tr>
<td>Budget Monitoring</td>
<td>Scheduled Audit</td>
<td>UO, OSU, PSU, WOU</td>
</tr>
<tr>
<td>Athletics Travel</td>
<td>Special Request</td>
<td>WOU</td>
</tr>
<tr>
<td>Animal Sciences</td>
<td>Special Request</td>
<td>OSU</td>
</tr>
</tbody>
</table>
III.  Audit Plans for July 2003 to December 2003

The completed 2003 IAD risk assessment identified 230 auditable units, with a total of 45 high-risk units. The unit’s risk score is not a reflection of management. The score is based upon past audit coverage and the nature of operations.

IAD is scheduled to perform audits on 13 high-risk units over the next six months. See section IV for the table listing the units. The areas of coverage scheduled for July to December 2003 are highlighted in gray. This coverage is likely to be reduced to eight to ten units based upon past history of immediate needs such as financial irregularity reviews or other high-risk special requests deemed of greater importance by the Board or executive management.

Other IAD activities over this period will include the following:

- Internal Control Assessment Committee—Campus self-assessment of controls over high-risk transactions, which will evolve into sharing practices and defining baseline controls.
- Recruitment and Retention
- Campus and Chancellor Office Involvement—Committee and training
IV. Risk Assessment Model and Approach

On an annual basis, the Oregon University System Internal Audit Division (IAD) performs a risk assessment in accordance with the International Institute of Internal Auditors (IIA) Auditing Standards 2010 and 2020. The goals of this assessment are to:

1. Provide a basis for Internal Audit resource allocation among campuses—individual, Systemwide unit audits, and isolated risk audits.
2. Provide management with a tool to summarize risk as it relates to their department.

There are a total of seven steps taken as part of this risk assessment:

1. Identify available hours for scheduled and unscheduled activity;
2. Identify auditable units and potential emerging cross-sectional issues and benchmark with peers;
3. Schedule meetings with management;
4. Conduct surveys with management;
5. Perform financial analysis;
6. Complete risk model; and
7. Allocate resources based upon available hours and risk assessment.

**STEP 1 - Hours Allocation**

Typically 40 percent of the hours are spent on direct audits resulting from the risk assessment, 30 percent is spent on special requests (immediate audit needs), 10 percent on information technology, 5 percent on training and recruiting, and 15 percent are considered indirect, (which include administrative time, vacation, and sick leave). This percentage is an efficient use of resources based upon the IIA benchmarking study.

**STEP 2 - Determining the Audit Universe**

Based upon the IAD risk analysis charts, there are approximately 230 units in the System. Given the available hours for each campus auditor, this equates to 12 to 20 reviews on an annual basis. In addition, special request audits are conducted throughout the year. The average annual coverage of the University System is approximately 10 percent.

**STEPS 3 to 5 - Gather Data on Auditable Units**

IAD meets with the management at each campus and determines the relative risks associated with their operations. There are five main risk categories discussed with management:

1. Strategic—Attainment of goals
2. Financial—Safeguarding of assets
3. Operational—Ongoing management.
4. Compliance—Ability to comply with rules and regulations.
5. Reputation–Recruitment and retention of staff, students, donors, as well as taxpayer interests.

Note: Items 3, 4, and 5 were omitted from the original docket pages. This corrects the Audit Division report.

**STEP 6 - Complete risk matrix**

The risk assessment calculations are performed after IAD meets with management, reviews with other peer systems, and performs a financial analysis on the assets, revenues, and expenditures of each unit.

The risk model includes seven categories:
1. Compliance–regulatory compliance issues
2. Financial–amount and types of assets and revenue
3. Strategic–impact of unit on university mission and vision
4. Operational–impact of unit on other university activities
5. Reputation–level of attention unit receives from constituents
6. Known or perceived control concerns–new operations or recent turnover
7. Audit history

**STEP 7- Allocate IAD Resources and Distribute Information to Management**

Units are selected based upon top combined risk scores. The audit objectives of the individual audit will include a more detailed risk analysis on the unit to determine the audit scope of project.

When preparing the annual plans, IAD ensures that three concepts are taken into consideration in order to ensure compliance with IIA standards:

1. Risk based assessments that take into consideration organizational goals;
2. Management input; and
3. Communication of limited resources.
### Risk Assessment Model and Approach (Continued)

#### IAD 2003 Risk Assessment - High Level Operating Units and Scheduled Audits

<table>
<thead>
<tr>
<th>OSU</th>
<th>PSU</th>
<th>UO</th>
<th>EOU</th>
<th>WOU</th>
<th>SOU</th>
<th>OIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>College of Engineering</td>
<td>College of Liberal Arts and Sciences</td>
<td>College of Arts and Sciences</td>
<td>School of Distance Education</td>
<td>Academic Directors Division</td>
<td>School of Social Sciences</td>
<td>Engineering, Technology, and Mgmt.</td>
</tr>
<tr>
<td>College of Health and Human Sciences</td>
<td>Extended Studies</td>
<td>Sponsored Awards – Research</td>
<td>School of Arts and Sciences</td>
<td>Library</td>
<td>School of Arts and Letters</td>
<td>Health, Arts, and Science</td>
</tr>
<tr>
<td>Agricultural Experiment Stations</td>
<td>College of Engineering and Computer Sciences</td>
<td>Library System</td>
<td>Information Technology/Telecom</td>
<td>Athletics</td>
<td>School of Sciences</td>
<td>Executive management</td>
</tr>
<tr>
<td>School of Education</td>
<td>Graduate School of Social Work</td>
<td>Sponsored Awards - Public Service</td>
<td>Financial Aid</td>
<td>Library</td>
<td>Physical Plant/ EHS/ Const. /Motor pool</td>
<td></td>
</tr>
<tr>
<td>College of Agricultural Sciences</td>
<td>Facilities</td>
<td></td>
<td></td>
<td>School of Education and Business</td>
<td>Athletics</td>
<td></td>
</tr>
<tr>
<td>College of Forestry and Research Laboratory</td>
<td>College of Urban &amp; Public Affairs</td>
<td></td>
<td></td>
<td>Library</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cascades Campus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Science</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Facilities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University Centers and Institutes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Veterinary Medicine</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distance and Continuing Education</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>College of Pharmacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computing Center</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research Programs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student Health Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legend**

- **Scheduled Audits**
V. Organizational Changes and Resource Allocation

In April 2003, IAD reorganized. The reasoning for the reorganization was to provide IAD maximum audit coverage for the regional campuses. Based upon audit history for the past 18 months and the number of special requests made by regional campuses, IAD has been unable to provide regularly scheduled reviews at OIT and EOU. As a result of this lack of coverage, IAD eliminated the Audit Manager position and reassigned these duties to create two supervising auditor positions. A staff auditor will be added to assist the Supervising System Auditor in providing coverage to the regional campuses. An intern program was established by the department in June 2003 to further expand coverage and accommodate special requests made by OUS management.
AGENDA FOR THE REGULAR MEETING OF THE BOARD
LOWER LEVEL LIBRARY
CENTRAL OREGON COMMUNITY COLLEGE
JULY 18, 2003
9:30 A.M. – 12 NOON

1. Call to Order/Roll Call

2. Approval of Minutes  
   Appendix “A”
   • May 16, 2003, Board Meeting Minutes
   • June 4, 2003, Special Board Meeting Minutes
   • June 5, 2003, Special Board Meeting Minutes
   • May 15, 2003, Budget and Finance Committee Meeting Minutes
   • May 15, 2003, System Strategic Planning Committee Meeting Minutes
   • June 24, 2003, Executive Committee Meeting Minutes

3. Board President’s Report

4. Chancellor’s Report
   • Items from Presidents

5. Reports
   • IFS President
   • OSA President

6. Public Input

7. BUDGET AND FINANCE

   Action Items

a. Managerial Reporting—Quarterly Management Reports
   To request Board acceptance of quarterly management reports dated 03-31-02 that monitor the financial activity of the OUS current unrestricted and auxiliary enterprise funds. (See also Supplementary Material – Appendix “C”)

b. Accountability Framework for Self-Liquidating Activities
   (Amendments to IMDs 6.300-6.390 and 6.500, 6.510, and 6.520)
   To request Board approval of updates to Internal Management Directives to strengthen accountability framework for self-liquidating activities.
c. **OSU Intercollegiate Athletics Department Fiscal Status Report—May 31, 2003**

   To present the fiscal status of OSU’s Intercollegiate Athletics Department as of June 30, 2002, (restated) and May 31, 2003, in accordance with GASB 35, and request Board approval of updated fiscal improvement targets. (See also Supplementary Material – Appendix “D”)

**Consent Item**

a. **Optional Retirement Plan—Proposed Amendment**

   An amendment to the Optional Retirement Plan (ORP) is proposed for adoption by the Board. Amendment No. 2 revises certain Plan provisions for administrative clarification and compliance with newly adopted treasury regulations. (See also Supplementary Material – Appendix “E”)

8. **SYSTEM STRATEGIC PLANNING**

**Action Item**

a. **Amendment of OAR 580-010-0035, Residence Classification of Armed Forces Personnel, Temporary Rule**

   Modifies OAR 580-010-0035 to conform to changes in state law resulting from the passage of Senate Bill 525.

**Consent Items**

a. **OIT, Certificate, Dispute Resolution**

   OIT’s proposed certificate program responds to the growing need for professional dispute resolution in the U.S. by government, industry, and society. The 27-credit program includes a mediation practicum at the Klamath Mediation Center.

b. **OIT, B.S., Echocardiography**

   This proposed online degree-completion program will be open only to registered cardiac sonographers and is expected to attract students from around the country. The program is designed to be self-supporting.

c. **OSU, Certificate, Language in Culture**

   The proposed 31-credit undergraduate certificate program, which also requires a level of proficiency in two languages other than English, prepares students for enhanced cross-cultural communication. The program is grounded in linguistics, anthropology, and foreign language.

d. **UO, M.Ed., Teaching and Learning**

   The proposed major represents a reorganization of options within UO’s Educational Leadership program. This change will bring visibility and clarity to this graduate-level teacher-preparation in UO’s College of Education.

e. **OHSU, Ph.D., Biomedical Informatics**

   The proposed program, built on OHSU’s other successful biomedical informatics programs, will prepare students to be researchers, teachers, and leaders in the area of biomedical informatics in health care, academia, and industry.
f. OHSU, M.S., Clinical Nutrition
The proposed program will be one of only two in the Northwest. The program, which is coordinated with OSU, would develop health professionals able to provide expert clinical services, conduct clinical research in nutrition, and educate others.

g. Nominations to the Forest Research Laboratory Advisory Committee, OSU
Pursuant to ORS 526.225, Oregon State University nominates Thomas M. Quigley and Marvin Brown to the Forest Research Laboratory Advisory Committee and requests the Board make the recommended appointments.

Report Items

a. Follow-up Reviews Conducted in 2002-03 of Selected Programs
The Board has a policy that directs the Office of Academic Affairs to conduct a follow-up review of each degree program or significant new option within an existing degree program that the Board has approved since January 1, 1983. The purpose of the follow-up review is to describe the status of the programs five years after their approval for implementation.

b. Status of the Western Undergraduate Exchange Program
A brief annual report on Oregon University System’s participation in the Western Undergraduate Exchange Program indicates that Oregon continues to receive more students than it sends to participating institutions in other states.

Discussion Item

a. Access
Focused discussion of issues related to student access following the preliminary Committee discussion in February 2003 and additional issues raised at the May meeting.

b. SSP Review of 2002-03
A review of the Committee’s work over the past year and discussion of issues for next year.

9. FULL BOARD

Action Items

a. Amendment to OAR 580-040-0040, Academic Year Fee Book, 2003-04
(See also Supplementary Material – Appendixes “F” and “G”)
b. Reappointment of Philip Conn as President of Western Oregon University

In June 2002 Philip Conn was appointed by the Board as President of Western Oregon University for a period of two years effective July 31, 2002. The Chancellor recommends extending the appointment to July 30, 2005.

Consent Item

a. Ratification of ETIC Proposals Approved by the Executive Committee

At the June 24, 2003, meeting, the Executive Committee approved the ETIC proposal for $20 million in Lottery bonds initiated through the Governor’s revised budget. The recommendation is for the Board to ratify the approval of the Executive Committee.

10. Other Reports

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

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.
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 Table A on page 23.

A subsequent work team developed reporting formats to satisfy five of the 15 management reporting needs. The report 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, and
- 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* (*including designated operations and service departments*) 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 (Appendix “C”) of unrestricted funds (including designated operations and service departments) 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 $386 million. Current projections for government appropriations are $342 million, which is $44 million, or 11 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 $349 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 Education and General expenditures (including $12 million of transfers out to other funds) are $35 million, or 4 percent, less than the initial budget approved by the Board.

5) **Ending Fund Balance of Unrestricted and Auxiliary Enterprise Funds**

In addition, due to Education and General other revenues shortfall of $7 million, projected FY 2003 operating deficits of designated operations of ($2 million) and service departments of ($4 million), and miscellaneous net positive variances of $3 million, the fund balance projected for the end of the year is lower than the beginning fund balance by $10 million, or 4 percent.

**Comparison of year to date financial activity to prior year:**

1) **Student Tuition and Fees**

Student Tuition and Fees recorded through March 31, 2003, of $341 million are $66 million higher than recorded for the same period last year. The increase is attributed to the following:

- Timing and reclassifications of tuition revenue included in Clearing funds in the prior year of approximately $22 million.
- Increased enrollment revenue of approximately $17 million.
- Tuition increases of approximately $14 million.
- Tuition surcharge of approximately $14 million.

2) **Auxiliary Operations**

Auxiliary Operations increased $19 million to $184 million for the nine months ended March 31, 2003, compared to the same period in 2002. The increase is primarily attributed to the following:

- Increased athletics ticket sales and concessions of $7 million.
- Increased rates for housing, student incidental, and health enrollment fees of approximately $5 million.
- Increased occupancy of approximately $2 million.
- Timing of Auxiliary revenue included in Clearing funds in the prior year of approximately $3 million.

3) **Education and General Expenditures**

Education and General expenditures for the nine months ended March 31, 2003, 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 $554 million for the nine months ending March 31, 2003, are $23 million, or 4 percent, higher than for the same period one year ago. Total salaries and wages costs increased by 4 percent, other payroll expenses (e.g., payroll taxes, retirement, and health insurance benefits) increased by 13 percent, and services and supplies increased by 0.6 percent.
4) **Net Operating Surplus (Deficit)**

Although March 31, 2003, and 2002 show a current operating surplus, much of the surplus will be used up during the months of April, May, and June, when no additional tuition and fee revenues are received.

**Tracking of monthly cash balances:**

1) **Cash Balances at March 31, 2003**

The cash balances are comparable to prior months and generally higher compared to the same periods in prior years. This is due to the increased enrollment, increased tuition and fees, and the tuition surcharge. It can be predicted that the fiscal year-end 2003 cash balance will be comparable to or slightly lower than the prior year-end. 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 verify the amounts in the managerial reports, update annual projections, and 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 (including designated operations and service departments) and auxiliary enterprise funds at March 31, 2003, 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 Board**

Staff recommends the Board accept the above management reports for March 31, 2003. Additional reports will be prepared for the quarter ending June 30, 2003, and will be presented to the Board in September 2003.

*(Board action required.)*
Table 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</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>
Accountability Framework for Self-Liquidating Activities
(Amendments to IMDs 6.300-6.390 and 6.500, 6.510, and 6.520)

Introduction
During the fiscal year ended June 30, 2002, the Oregon University System (OUS) implemented Governmental Accounting Standards Board Statement No. 35 (GASB 35), which significantly changed the accounting standards and presentation of the OUS financial statements. These changes were discussed in some detail during the February 2003 presentation of the OUS Annual Financial Statements for 2001-02. Now that the implementation of GASB 35 is complete at the institution level, these provisions are being implemented at lower levels within each institution. The units impacted are the self-liquidating activities of OUS, namely auxiliary enterprises and service departments. These self-liquidating activities are funded primarily through user fees and, as a consequence, are managed much like for-profit entities. This requires recording the capital assets and long-term debt within the accounting records of each self-liquidating activity, recognizing the expense of long-lived capital assets over their useful life (depreciation), and charging only the interest portion of debt payments as an expense, rather than the entire payment. This change facilitates a more complete analysis of the financial health of each of these organizations and necessitates a reexamination of the related fiscal policies developed over the years.

With the changes that have occurred, it is important that a more complete and comprehensive framework of fiscal accountability for self-support units be established that will provide the Board and the Chancellor’s Office with a means of fulfilling their fiduciary responsibility and under which campus administrations can operate with flexibility and accountability. The objectives of this new accountability structure are to provide clear accountability points and structures while providing appropriate operational flexibility.

Internal Management Directive (IMD) Updates
As a first step to provide a complete framework of fiscal accountability for self-support activities, new IMDs need to be added and existing IMDs need to be updated. Detailed below are the proposed updates to the IMDs. One new IMD is proposed that more clearly sets forth the accountability structure under which self-liquidating activities operate and more clearly defines high level roles and responsibilities of both the institution and the Chancellor’s Office. In addition, the proposed revisions to existing IMDs focus on bringing the IMDs into compliance with new interpretations of state law (use of excess sinking funds and debt service reserves), eliminating unnecessary provisions (referencing OHSU specifically), streamlining and improving the provisions relating to the equipment replacement and building repair reserves, and updating provisions relating to self-support budget development. Since significant changes are proposed in the IMDs establishing and governing the building repair and equipment replacement reserves for auxiliary enterprise and other self-liquidating activities, additional background and summary information is presented.
**Background - Building Repair and Equipment Replacement Reserves**

The policy creating the building repair and equipment replacement reserves was formally established by the Board in 1976 to help ensure that “each self-liquidating activity is responsible for its own self-support,” including funding the depreciation of equipment and the repair and maintenance and deferred maintenance of buildings. During the deliberations leading up to the establishment of this policy, concern centered on the impact that the accumulation of these reserves would have on students and the Education and General fund budget. Because of that concern, the accumulation of reserves was limited to the accumulated depreciation for equipment and to a range from 1 percent to 2 percent of the replacement value of buildings. Different annual funding levels were required for the diverse activities to recognize the disparate sources of funds required to fund these activities (student fee funded activities would be required to increase fees or decrease service levels if the funding requirement was increased significantly). The Board directed that reserve levels be built to their required levels as soon as possible.

In 1979, the Board modified the policies to formally adopt IMDs 6.350 and 6.380. These IMDs included the requirements to fund deficiencies in the reserves and thresholds for the establishment of the equipment reserves.

Oregon Revised Statute (ORS) 351.615, passed into law in 1979, established a separate, interest-bearing account for the purposes of setting aside monies from auxiliary enterprise activities for repair and alteration of buildings and replacement of equipment.

At the time the reserve requirements were initially established, service departments were not required to maintain building repair reserves. In response to changes in the Office of Management and Budget (OMB) Circular A-21, the Board, in 1981, established a building repair reserve requirement for service departments that mirrored the requirements for auxiliary enterprise activities.

In 1986, the Board further simplified the auxiliary enterprise building repair reserve funding requirements by removing the differential funding requirement for parking activities and removed the funding range in favor of more flexible language to allow for exceptions. Exceptions were only allowed upon approval by the Vice Chancellor for Finance and Administration. The service department requirements remained unchanged.

**Summary of Proposed Modifications to the Building and Equipment Reserve Requirements**

The proposed changes to the reserve requirements, detailed below, continue with the long-established intent and practice of setting aside sufficient reserves to repair or replace the assets used in the self-liquidating operations of OUS. These proposed changes:
• Merge the policies relative to auxiliary enterprises and service departments to eliminate unnecessary duplication and confusion.
• Clearly assign the responsibility for establishing and maintaining adequate reserves to campus administration.
• Add new reserve requirements relating to depreciable assets other than equipment and buildings, recognizing a significant asset class that was not previously considered.
• Increase the threshold for the establishment of reserves to recognize the increase in the capitalization threshold and eliminate the need to establish reserves for small operations.
• Change the reserve calculation for equipment and buildings and other long-lived depreciable assets to an amount based on a long-term maintenance plan to allow for the differential funding that is inherent between the varied self-support activities carried on by OUS institutions.
• Recognize that depreciation expense relating to all depreciable assets of auxiliary enterprises and service departments will now be charged to operations and change the funding of the reserves from an operating expense to an equity transfer, thereby avoiding the duplication of expense. Charges for services will now be based on total operating expenses, including mandatory depreciation charges, rather than charges for funding the reserves.
• Repeal irrelevant IMD sections.
• Recognize the limited authority relative to interest earnings on reserves granted in ORS 351.615.
• Recognize the limitations on the use of auxiliary enterprise and service department reserves pursuant to ORS 351.615 and OMB Circular A-21.

Proposed New Fiscal Policies
To further strengthen the accountability framework for self-liquidating activities, new fiscal policies that will provide more detailed guidance relating to the financial management of these activities must be established. Proposed new fiscal policies (established under the authority of ORSs, Oregon Administrative Rules (OARs), IMDs, and/or Board Policy) covering the financial management of the self-liquidating activities have been drafted and are currently being reviewed. These new policies set forth some financial reporting standards and establish parameters for the fiscal condition of each activity.

The proposed financial reporting standards will require each self-support activity to combine all funds under their control and prepare a Statement of Net Assets (Balance Sheet), including all capital assets and long-term debt of the entity, and a Statement of Revenues, Expenses, and Changes in Net Assets (Income Statement). It is anticipated that, after needed training, each self-liquidating activity will also prepare a Statement of Cash Flows.

The Statement of Net Assets will provide information on the liquidity of a given entity, the ability of the entity to meet its short-term obligations with liquid or near-liquid assets (cash and short-term accounts receivable), and its fiscal health at a given point in time.
(quick ratio, current ratio, debt to equity ratio, etc.). The Statement of Revenues, Expenses, and Changes in Net Assets will provide information as to the fiscal performance over a period of time; the ability of the unit to generate sufficient revenues to cover its cost of operation. The Statement of Cash Flows will provide information on the management of cash and cash flows, highlighting receivables and payables management, and providing disclosure of all sources and uses of cash during the period.

These proposed policies will include minimum financial standards addressing cash balances, working capital balances, balances of long-term debt, and net asset balances. It is anticipated that other requirements will be added over time to provide a more comprehensive set of fiscal standards.

Since these proposed policies are being established under the authorities noted above, Board action will not be required for their adoption.

Proposed IMD Updates
The following are the proposed IMD updates. Additions are in [brackets] and deletions in strikethrough.


6.300 Financing Self-Liquidating Bond Debt Services
(6.300-6.325 were approved by the Board in November 1997)

(1) Auxiliary enterprise and other self-liquidating activities shall be assigned to one of the following categories for debt financing purposes:

(a) Residence halls and residential dining facilities (other than Portland State University).
(b) Portland State University residence halls.
(c) Other housing facilities.
(d) Parking facilities.
(e) Auxiliary enterprise facilities financed primarily from building fees.
(f) Other facilities that meet the requirements of Article XI-F(1) and are specifically approved by the Board of Higher Education.

(2) The projects approved in accordance with (1) above are expected to be fully self-supporting and self-liquidating from user fees, gifts, grants, building fees, [rental income,] or other sources as approved by the Board of Higher Education.
6.305 **Bond Issues for Auxiliary Enterprise and Other Self-Liquidating Activities**

When authorized pursuant to ORS 351.350 or 351.353 and Article XI-F(1) of the Oregon Constitution, bonds may be issued to finance construction of auxiliary enterprises and other self-liquidating facilities only if the Board:

(1) Establishes and maintains for bonds so issued appropriate reserves as described below; and

(2) Otherwise conforms to statutory and constitutional requirements.

6.306 **Provision for Debt Service Reserves [Sinking Funds]**

(1) The auxiliary enterprise or other [self-liquidating] activity responsible for annual debt service shall provide and maintain [sinking funds] debt service reserves for the ensuing year except that for bonds issued prior to July 1986, a two-year [sinking fund] debt service reserve is required.

(2) Debt service funds are available for transfer to other funds and accounts as authorized by ORS 351.460 (4) to the extent that excess funds exist after projecting debt service fund balances taking into consideration the Board's approved capital construction project for the ensuing biennium and any other factors affecting the available funds.

6.310 **Financial Operating Resources for Auxiliary Enterprise and Other Self-Liquidating Projects**

(1) The building fee, established by the Board pursuant to ORS 351.170, is a Department resource, without regard to the institution at which it is collected, and shall be applied for debt service other than for residence halls, housing, parking, clinics, or other self-liquidating facilities.

(2) Debt service for bonds issued for housing, parking, clinics, or other self-liquidating facilities shall be provided primarily from fees charged to users of the facilities.

(3) Debt service for other specifically approved facilities shall be provided from sources identified at the time of authorization and approval of the project by the Board.

(4) Income from investment of debt service reserves, sinking funds, and building repair and equipment replacement reserves shall be credited to the institution [sinking] reserve funds, except as otherwise provided.
(5) Income from investment of [XI-F] bond building funds shall be distributed to the sinking funds in proportion to the allocation of the unspent building funds to the respective auxiliary enterprise and other self-liquidating project categories.

6.315 Allocation of Debt Service Responsibility for Auxiliary Enterprise and Other Self-Liquidating Projects

Annual debt service on bonds issued for auxiliary enterprise or other self-liquidating projects shall be apportioned on the following bases:

1. Interest and principal payments for debt service on:
   (a) bond proceeds allocated to residence hall and residential dining facilities after February 28, 1997,
   (b) Portland State University residence halls,
   (c) other housing, and
   (d) parking shall be the responsibility of the institution at which the facilities are located.

2. Interest and principal payments for debt service on bonds allocated before March 1, 1997, for residence hall and residential dining facilities at all institutions, except Portland State University, shall be allocated to each institution in proportion to the average academic year occupancy of its residence halls for a five-year period beginning 1994-95 and ending 1998-99.

3. Interest and principal payments for debt service on other auxiliary enterprise facilities shall be provided from building fees or other income as identified in the specific construction program.

6.316 Residence Hall Emergency Reserve Fund

The purpose of the Residence Hall Emergency Reserve Fund (Reserve) is to provide for unanticipated financial emergencies in the residence hall operations, which could otherwise affect the ability of a single institution to support the payment of its debt service obligations. The Reserve shall not be a supplemental source of funds that may be considered or relied upon when planning for the financing of construction, renovation, or repair/upgrade of projects. Each institution must have a business plan in place addressing current and future needs of its student housing operations and how it intends to fund those needs through institutionally-initiated efforts. The policy described in this section shall apply to residence hall operations referenced in section 6.300(1)(a) above.
Specific Provisions:

(a) The Reserve will be funded by an institutional payment equivalent to twenty dollars ($20) per occupant, per year, based on the number of students living in the residence halls referenced in section 6.300(1)(a).

(b) The number of students for purposes of (a) shall be determined by the prior year three-term average residence hall occupancy as of the fourth week of each term. (An "occupant" is any student living in a residence hall who is not a residence hall director.)

(c) Institutional payments to the Reserve will be made by May of each year beginning in fiscal year 1999-2000. All payments to the Reserve will be monitored by the Chancellor’s Office with a record kept of payments made by each institution.

(2) Institutional payments to the Reserve will be made for eight (8) fiscal years, 1999-2000 through 2006-07. In 2006, the Board will review the provisions and status of the Reserve.

(3) Interest earnings of the Reserve through June 30, 2007, will accrue to the Reserve. Distribution of interest earnings thereafter will be determined by the Board.

(4) Authorization for use of funds from the Reserve shall require a written application and comprehensive business plan from the requesting institution. The application and business plan shall be submitted to the Vice Chancellor for Finance and Administration for approval.

6.320 Budgeting for Auxiliary Enterprise Activities [replaced by IMD 6.520 July 18, 2003]

Annually, at a time determined by the Vice Chancellor for Finance and Administration, each institution shall propose housing, parking, or other specified auxiliary activities budgets. The budgets shall conservatively anticipate income from user fees and other sources to provide for all operating expenses and for the establishment and maintenance of debt service reserves, including the repayment of any outstanding obligations and the elimination of operating overdrafts. If income has been or appears likely to be insufficient for these purposes, the proposed budget shall identify the sources from which needed resources are required to eliminate such deficiencies. The resources shall include an institution’s debt service reserves and unencumbered balances of other auxiliary activities.
Deficiencies in self-supporting auxiliary enterprise activities shall be carried as overdrafts. The institution must request Board approval of a revised budget plan for eliminating overdrafts either for debt service or for operations.

6.325 Other Uses of Auxiliary Enterprise and Other Self-Liquidating Debt Service Funds [repealed–July 18, 2003]

(1) Authority is delegated to the Vice Chancellor for Finance and Administration or designee, following consultation with the officials of the institution, to transfer Article XI F(1) debt service reserve funds to other funds and accounts for the following purposes, in accordance with ORS 351.460:

(a) To finance architectural and/or engineering planning of proposed construction for auxiliary enterprises and other self-liquidating projects.

(b) To fund capital construction, capital improvements, or major repairs of auxiliary enterprise or other self-liquidating projects.

(c) To purchase new equipment or replace old equipment for auxiliary enterprise or other self-liquidating projects, if sufficient funds are not available in equipment replacement reserves.

(d) To establish or maintain at required levels, reserves, such as building repair reserves and equipment replacement reserves, for auxiliary enterprises.

(e) To eliminate overdrafts in other auxiliary enterprise operating accounts of the institution that generate funds for the debt service reserve accounts.

(2) Plans for the usage during the following fiscal year of debt service reserve funds for purposes stated in IMD 6.325(1) shall be submitted to the Vice Chancellor for Finance and Administration by June 1 so that priorities may be established and approval granted for the use of the funds. Capital construction projects costing $100,000 or more must also be reviewed and approved in advance by the Vice Chancellor for Finance and Administration or designee.


6.350 Auxiliary Enterprise Building/IOTB Repair and Equipment Replacement Reserves [for Auxiliary Enterprises and Other Self-Liquidating Activities]

(1) [Auxiliary enterprises and other self-liquidating activities shall maintain building/IOTB repair and equipment replacement reserves for the purpose of funding the cost of repairs or replacement of depreciable assets. Such reserves]
should be sufficient to promote the efficient and effective operation of the related operating unit, avoid significant fluctuations in fees charged for services, and minimize the potential for unanticipated financial shortfalls that may impact the other funds of the institution.

(2) Each auxiliary enterprise and other self-liquidating activity shall determine the appropriate level of repair reserves for buildings and improvements other than buildings (IOTBs) and equipment replacement reserves based on a capital asset management plan (Plan) that is prepared/updated at least annually and approved by the institution’s vice president for finance and administration or designee. The Plan required under this provision will be based on a minimum five-year planning horizon and will assess the repair or replacement needs of each asset or asset class and include an analysis of the annual funding necessary to accumulate the funds required to execute the plan. When preparing/updating the Plan, consideration should be given to the availability of interest earnings on reserves of auxiliary enterprises in order to maximize the benefits of setting aside reserve funds. The Plan required under this section must be retained for audit purposes.

(3) Each auxiliary enterprise and self-liquidating activity with capital assets of $150,000 (recorded cost) or more will prepare and retain the capital asset management plan (Plan) referred to in section (2) above. Should the Plan indicate the need for building/IOTB repair and/or equipment replacement reserves, a fund should be established for those purposes (if not already established) and funded accordingly. Institution-specific policies will determine whether activities with less than $150,000 (recorded cost) of capital assets will prepare a Plan and establish and fund any reserves.

(4) Generally, building/IOTB repair and equipment replacement reserves may not be used for any other purpose than to repair or replace capital assets used in the operation of the related auxiliary enterprise or other self-liquidating activity. Consideration should be given to statutory requirements (see section (6) below), applicable federal cost requirements, and the source of funding before authorizing the use of building/IOTB repair and equipment replacement reserves for any other purpose. Authorization for such other use may only be granted by the institution’s vice president for finance and administration or designee and must be documented and retained for audit purposes.

(5) Pursuant to ORS 351.615, only building repair and equipment replacement reserves of auxiliary enterprises may be credited to the Higher Education Auxiliary Enterprise Building Repair and Equipment Replacement Fund (Fund). Reserves for the repair or replacement of other depreciable assets (IOTBs) of auxiliary enterprises may not be credited to the Fund. Monies deposited in the Fund may not be used for any other purpose than for the repair and alteration of auxiliary enterprise buildings and the replacement of auxiliary enterprise equipment. No repair/replacement reserves of service departments or any other self-liquidating activities may be credited to the Fund.
(6) Except as otherwise provided, exceptions to the requirements of sections (1) through (5) may be granted by the Vice Chancellor for Finance and Administration or designee.]

(1) Auxiliary enterprises establish and maintain reserves for the purpose of funding the cost of building repairs and the replacement of equipment. Such reserves are utilized for their stated purpose before the building fee portion of the XI-F(1) Debt Service Fund may become available, either by permanent transfer or advance of the funds.

(2) The Building Repair Reserve is normally maintained at not less than 1.5 percent of building replacement value for each category of auxiliary enterprise. Exceptions to this policy may be granted by the Office of Administration, where age or condition of facilities warrant either a greater or smaller reserve balance. Deficiencies at fiscal year-end are recovered over the following seven years.

(3) Equipment replacement reserve requirements are determined by the cost and life expectancy (usually ten years) of the equipment in each auxiliary enterprise category. At the end of the fiscal year any deficiency in this reserve is scheduled for recovery within the following ten years. No reserve is required when the total value of equipment used in the activity is less than $2,500.

(4) Exception to Sections (1) and (3) may be authorized by the Office of Administration where circumstances warrant.

6.380 Service Department Building Repair and Equipment Replacement
[–repealed July 18, 2003]

(2) Reserves to provide for the replacement of equipment for Service Departments are required if the total value of this equipment used in a Department is $2,500 or greater. The reserve level needed is based upon the original cost of the equipment and its expected life (usually ten years). Fiscal year-end deficiencies in the reserve balance are recovered over the following ten years.

(3) Reserves to provide for the repair of buildings are maintained at a level of not less than 1% or more than 2% of the replacement value of the building or the proportionate share of the building occupied by the Service Department. Deficiencies in the reserve balance at the end of a fiscal year are to be recovered in not less than the succeeding 5 years. Building repair reserves are optional for Service Departments with activity less than the minimum established for Specialized Service facilities as defined by the Federal Office of Management and Budget in Circular A-21 and in accordance with agreement between the Department of Higher Education and the cognizant Federal Audit Agency.

(4) Exceptions to the requirements of sections (1) and (2) may be authorized by the Office of Administration where circumstances warrant.
6.390 **University Hospital Building Repair and Equipment Replacement**

(1) Reserves to provide for the replacement of equipment for the University Hospital—Oregon Health Sciences University—are required for all items of equipment valued at or above the Medicare threshold for capital equipment. The reserve level needed is based upon the original cost or value of the equipment and its expected life (usually ten years). Patient fee revenue not required to meet current obligations will be used for payments into such reserves. Fiscal year-end deficiencies in the reserve balance are to be recovered within the following ten years.

(2) Reserves to provide for the repair, renovation, and replacement of buildings are maintained at a level of not more than 20 percent of the replacement value of the buildings occupied by the University Hospital—Oregon Health Sciences University. This shall be accomplished by the annual payment into such reserves of not less than three percent or more than four percent of the replacement value. Patient fee revenue not required to meet current obligations will be used for payments into such reserves. Deficiencies in the reserve balance at the end of a fiscal year are to be recovered within the following ten years.

(3) Exceptions to the requirements of sections (1) and (2) may be authorized by the Office of Finance and Administration where circumstances warrant.

[Fiscal Management of Auxiliary Enterprises and Other Self-Liquidating Activities]

6.500 **Policy for Education-Related Business Activities**

The primary mission of the institutions within the [Oregon University System] Oregon State System of Higher Education is the creation and dissemination of knowledge. To carry out this mission, institutions do engage in education-related business activities, i.e., activities which enhance, promote, or support instruction, research, public service, or other education-related activities where goods or services being sold or rented are directly and substantially related to an educational or research program.

The Board affirms that all institution education-related business activities shall meet the following conditions:

A. The activity is deemed to be an integral part of, and directly and substantially related to, the fulfillment of an institution’s instructional, research, public service, or other education-related mission.

B. The activity is operated for the primary benefit of the students, staff, and faculty associated with and served by the institution or its affiliated units. The activity is needed to provide goods or services at a reasonable price,
on reasonable terms, and at a convenient time and location. Sales or rental of services and products to on-campus visitors and campus conference participants are considered incidental to the purpose of these activities.

Some typical products, services, and facilities provided at or in close proximity to an institution to meet the needs of its constituents are instruction-related materials; housing and food services; student health services; and athletic, cultural, and recreational activities; including the facilities where such products and services are provided.

In furtherance of education-related business activities, institutions shall provide for the following:

1. When determining whether any particular education-related business activity should be provided by an institution, institutional presidents or their designees shall consider whether the activity is currently and adequately provided by private businesses. If the services of private businesses are considered adequate but the activity is nevertheless deemed important to be provided by the institution, the institution president or designee shall state in writing its justifications for providing the activity. A copy of the statement shall be submitted for review to the Senior Vice Chancellor for Finance and Administration or designee.

2. To insure recovery of direct costs of engaging in the education-related business activities, institutions shall charge students, faculty, staff, campus conference participants, and the public to participate in institutional events, for the purchase of the goods or services, and for the rental of any facilities. An institution president may waive charges for selected education-related business activities.

3. An institution may make its services and facilities available to nonprofit or community organizations without recovering all direct costs, provided there is sufficient inventory or capacity. An institution may also make its services and facilities available to for-profit community businesses and organizations provided there is sufficient capacity and availability. Charges to profit-making organizations shall cover the direct and indirect costs of the use of the facilities and services provided. Services, products, and facilities may similarly be provided to federal, state, and political subdivisions, subject to negotiated charges, terms, and conditions.

4. An institution may promote and market in off-campus public media only those services and events which are of interest to the general public, such as cultural presentations, intercollegiate athletics contests, and educational programs.
5. Following approval by the institution president to provide goods, services, and facilities referenced above, the institution shall adopt a fee schedule or, in cases where prices fluctuate, a pricing markup policy for those services, products, and facilities.

[6.510 Responsibilities and Authorities]

(1) The Senior Vice Chancellor for Finance and Administration, or designee, is responsible for establishing and maintaining Systemwide fiscal policies and monitoring and reporting processes; and reporting to the Board as needed regarding compliance with fiscal policies and fiscal results.

(2) Each institution president, or designee, is responsible for establishing and maintaining institution-specific fiscal policies and monitoring and reporting processes; reporting to institutional management and the Chancellor’s Office as required regarding compliance with fiscal policies and fiscal results; and strategic planning and operational management.

6.520 Budgeting for Auxiliary Enterprises and Other Self-Liquidating Activities

(1) Each institution shall prepare and submit budgets for auxiliary enterprise and other self-liquidating activities (housing, student centers, intercollegiate athletics, health services, parking, bookstores, other rentals, other auxiliaries, service departments, designated operations) as a part of the annual operating budget development process.

(2) The budgets shall be prepared based on the flow of economic resources measurement focus as required for financial reporting by the Governmental Accounting Standards Board.

(3) The budgets shall conservatively anticipate income from user fees and other sources to provide for all operating expenses (including depreciation) and for the establishment and maintenance of bond sinking funds, including the repayment of any outstanding obligations, the establishment and maintenance of building/IOTB repair and equipment replacement reserves, and the elimination of prior year cash overdrafts and/or negative net asset balances, subject to policies governing service departments approved by the institution’s federal cognizant agency. If income has been or appears likely to be insufficient for these purposes, the proposed budget shall identify the sources from which needed resources are required to eliminate such deficiencies.

(4) If any auxiliary enterprise or other self-liquidating activity ends a fiscal year with a cash overdraft, a negative working capital position, or a negative net asset balance, the institution will submit a revised budget plan for eliminating the cash overdraft(s), the negative working capital position, and/or the negative net asset balance(s) to the Senior Vice Chancellor for Finance and Administration or
designee for approval. If the Senior Vice Chancellor for Finance and Administration or designee determines that the cash overdraft(s), negative working capital position, and/or negative net asset balance(s) are material, the revised budget plan will be submitted to the Board for approval after consultation with institution management.

(5) Exceptions to the requirements of sections (1) through (4) may be granted by the Senior Vice Chancellor for Finance and Administration or designee.

Staff Recommendation to the Board
Staff recommends that the Board adopt the updates to the Internal Management Directives as proposed herein.

(Board action required.)

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

Change in Accounting Principle
During the fiscal year ended June 30, 2002, OUS implemented Governmental Accounting Standards Board Statement No. 35 (GASB 35), which significantly changed the accounting standards and the presentation of the OUS financial statements. These changes were discussed in some detail during the February 2003 presentation of the OUS Annual Financial Statements for 2001-02. Now that the implementation of GASB 35 is complete at the institution level, these provisions are being implemented at lower levels within each institution. The units that are impacted are the self-supporting activities, including Athletics. These changes have delayed the submission of status reports as we have been focusing on implementation of the accounting changes and their effect on the financial reports and commitments for fiscal improvement.

The major changes affecting Athletics financial reporting is that the Statement of Net Assets (Balance Sheet) now includes capital assets and any related long-term debt. The Statement of Revenues and Expenses (Income Statement) now includes depreciation expense on capital assets. As a result of these changes, the old fund balance (deficit) measurement is no longer indicative of Athletics’ fiscal solvency.

It is with some regularity that accounting standard-setting bodies change accounting and reporting standards. The purpose of changes such as these is to improve the disclosure of financial information and, as such, they are not indicative of inaccurate reporting in the past. Both OSU management and the Chancellor’s Office believe that the financial statements required under these new accounting standards will be more readable and understandable and will lead to a more comprehensive view of the fiscal status of OSU Athletics.

Restated Fiscal Status at June 30, 2002, and Establishment of New Fiscal Measure
The basis for evaluating the fiscal status of Athletics in past periods was the fund balance (deficit). The fund balance (deficit) reported as of June 30, 2002, was approximately ($4.7 million). Under the new accounting standards, with the inclusion of capital assets and long-term debt, and several additional funds under the control of Athletics that are restricted for repair and replacement of capital assets, the fund balance (now termed net assets) is a positive amount totaling $7.1 million. The fund balance, or net assets measurement, is no longer indicative of fiscal solvency. Under
the new accounting standards, a far more effective measurement of fiscal solvency is “working capital.” Working capital compares current assets (cash and assets that can be converted into cash in the next year) to current liabilities (amounts owed in the next year). Both OUS and OSU officials have agreed that working capital should be the new basis upon which to measure Athletics’ progress.

**Fiscal Targets**

OSU management has proposed the following plan for the continuing improvement in working capital with the goal of a positive working capital balance achieved in FY 2010-11:

<table>
<thead>
<tr>
<th>Year</th>
<th>Improvement Target</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base – June 30, 2002</td>
<td>$1.0 million</td>
<td>($5.9 million) 1</td>
</tr>
<tr>
<td>Fiscal Year 2002-03</td>
<td>$1.0 million</td>
<td>($4.9 million)</td>
</tr>
<tr>
<td>Fiscal Year 2003-04</td>
<td>$1.0 million</td>
<td>($3.9 million)</td>
</tr>
<tr>
<td>Fiscal Year 2004-05</td>
<td>$1.0 million</td>
<td>($2.9 million)</td>
</tr>
<tr>
<td>Fiscal Year 2005-06</td>
<td>$0.75 million</td>
<td>($2.15 million)</td>
</tr>
<tr>
<td>Fiscal Year 2006-07</td>
<td>$0.5 million</td>
<td>($1.65 million)</td>
</tr>
<tr>
<td>Fiscal Year 2007-08</td>
<td>$0.5 million</td>
<td>($1.15 million)</td>
</tr>
<tr>
<td>Fiscal Year 2008-09</td>
<td>$0.5 million</td>
<td>($0.65 million)</td>
</tr>
<tr>
<td>Fiscal Year 2009-10</td>
<td>$0.5 million</td>
<td>($0.15 million)</td>
</tr>
<tr>
<td>Fiscal Year 2010-11</td>
<td>$0.5 million</td>
<td>$0.35 million</td>
</tr>
</tbody>
</table>

The previous improvement target (approved by the Board in April 2002) for fiscal year 2002-03, based on the old measurement basis, was $1.5 million. The previous improvement targets established for fiscal years 2003-2004 through 2005-06 totaled $2.5 million, versus the more accelerated plan above totaling $2.75 million. Given the change in measurement basis, these proposed new targets, taken in aggregate, do not differ materially from those previously established.

**Fiscal Status Report as of May 31, 2003**

The Statement of Net Assets and Statement of Revenues, Expenses, and Other Changes in Net Assets present the fiscal condition and operating results of Athletics as of May 31, 2003. (See Appendix “D”). The restated Statement of Net Assets at June 30, 2002, is also presented. As discussed above, OSU management has projected the working capital deficit for fiscal year-end June 30, 2003, to be ($4.9 million). The working capital deficit of ($8.1 million) at May 31, 2003, was compared to the projected balance at June 30, 2003, and OSU management has provided information describing the fiscal expectations for June that will bring the working capital deficit up to the target. Footnotes to the financial statements are attached to provide additional disclosure and explanation.

---

1 The reconciliation of the ($4.7 million) fund (deficit) reported prior to GASB 35 to the ($5.9 million) negative working capital is in Note 5 to the financial statements.
University’s Analysis

Working capital at May 31, 2003, is ($8.1 million). During June, Athletics expects to receive incremental gift revenues in the amount of $3.5 million from the OSU Foundation, $100,000 of royalty income, and anticipates other June operating activity to net a $400,000 reduction in working capital. Should each of these expectations be met, Athletics’ June 30, 2003, working capital balance is projected to be approximately ($4.9 million).

Chancellor’s Office Review

Process
The Chancellor’s Office has reviewed the financial statements 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 expectations relative to working capital improvement for reasonableness

Analysis
The amounts reported in the financial statements have been reconciled to the accounting records and the review of material accounts receivable balances further substantiates the operating results. Athletics’ expectations relative to working capital improvements could not be independently verified at the time this report was finalized.

The University’s projections indicate that Athletics will meet their proposed working capital target for the year ending June 30, 2003.

Follow-on Report
The Chancellor’s Office plans to present financial statements of OSU, PSU, and UO Intercollegiate Athletics departments for June 30, 2003, under the new accounting and reporting standards, along with an analysis of the fiscal status of each, at the October 2003 Budget and Finance Committee meeting.

Staff Recommendation to the Board
Staff recommends that the Board approve the working capital improvement plan for OSU Intercollegiate Athletics as proposed above and accept the fiscal status report of Athletics as of May 31, 2003.

(Board action required.)
Optional Retirement Plan—Proposed Amendment

Summary
An amendment to the Optional Retirement Plan (ORP) is proposed for adoption by the Board. Amendment No. 2 adopts a series of administrative clarifications based on statutory review and a need to conform the Plan to operational standards used by the University System, vendors, and the state. Amendment No. 2 also incorporates final Treasury Regulations to update Plan rules on required minimum distributions and death benefits. Board action is requested to approve the proposed amendments. An overview of the Optional Retirement Plan is provided to outline the current status of the Plan.

Staff Report to the Board
The Optional Retirement Plan (ORP) has been offered as a retirement plan alternative to membership in the Public Employees' Retirement System (PERS) for academic and administrative employees since 1996, authorized under ORS 243.800. Eligible unclassified employees may elect to participate in the ORP in lieu of membership in PERS.

The original four fund sponsors—American Century, Scudder Investments, TIAA-CREF, and AIG VALIC—continue to offer mutual funds and annuities through the defined contribution retirement plan. Annually, the consulting firm of RV Kuhns conducts a funds performance review to confirm financial stability of the fund sponsors and to monitor the performance of funds selected by OUS employees for their retirement investments.

Plan Highlights

Table 1. Employee Participation, May 2003

<table>
<thead>
<tr>
<th></th>
<th>Tier One (Hired Before 1/1/96)</th>
<th>Tier Two (Hired 1/1/96 or After)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>ORP Participants</td>
<td>762</td>
<td>1,613</td>
<td>2,375</td>
</tr>
<tr>
<td>PERS Participants</td>
<td>4,858</td>
<td>3,998</td>
<td>8,856</td>
</tr>
</tbody>
</table>

Participation in the ORP has grown steadily. Originally adopted to provide retirement benefits for a mobile faculty population, the ORP has been valuable in recruitment. A review of total terminations from the ORP confirms that Plan participants are highly mobile: from February 2001 to March 2003, 458 participants left employment with the University System and the ORP. Regardless, the ORP participation continues to grow, as shown in Table 2.
Table 2. ORP Enrollment Growth Since Plan Inception

<table>
<thead>
<tr>
<th></th>
<th>1996</th>
<th>1998</th>
<th>2000</th>
<th>2002</th>
<th>% Inc 96-02</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>43</td>
<td>47</td>
<td>71</td>
<td>72</td>
<td>67%</td>
</tr>
<tr>
<td>OIT</td>
<td>85</td>
<td>105</td>
<td>116</td>
<td>116</td>
<td>36%</td>
</tr>
<tr>
<td>OSU</td>
<td>390</td>
<td>588</td>
<td>571</td>
<td>715</td>
<td>83%</td>
</tr>
<tr>
<td>PSU</td>
<td>211</td>
<td>297</td>
<td>336</td>
<td>407</td>
<td>93%</td>
</tr>
<tr>
<td>SOU</td>
<td>45</td>
<td>55</td>
<td>71</td>
<td>82</td>
<td>82%</td>
</tr>
<tr>
<td>UO</td>
<td>367</td>
<td>527</td>
<td>547</td>
<td>627</td>
<td>71%</td>
</tr>
<tr>
<td>WOU</td>
<td>84</td>
<td>93</td>
<td>109</td>
<td>106</td>
<td>26%</td>
</tr>
<tr>
<td>OUS</td>
<td>14</td>
<td>19</td>
<td>25</td>
<td>27</td>
<td>93%</td>
</tr>
<tr>
<td>Total</td>
<td>1,239</td>
<td>1,731</td>
<td>1,849</td>
<td>2,152</td>
<td>74%</td>
</tr>
</tbody>
</table>

Employer contribution rates are statutorily linked to the PERS contribution rate, which is adjusted semi-annually for the PERS State and Local Governments Rate Pool.

Table 3. Employer Contribution Rate (Percent of Pay)

<table>
<thead>
<tr>
<th></th>
<th>Tier One (Hired Before 1/1/96)</th>
<th>Tier Two (Hired 1/1/96 or After)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003-2005</td>
<td>11.31</td>
<td>11.71</td>
</tr>
<tr>
<td>2001-2003</td>
<td>9.49</td>
<td>8.52</td>
</tr>
<tr>
<td>1999-2001</td>
<td>9.73</td>
<td>7.33</td>
</tr>
<tr>
<td>1997-1999</td>
<td>8.20</td>
<td>5.75</td>
</tr>
<tr>
<td>1995-1997</td>
<td>8.46</td>
<td>5.75</td>
</tr>
</tbody>
</table>

The OUS proposed in 2003 to decouple PERS and OUS employer contribution rates, but did not receive authorization from the legislature to allow the Oregon State Board of Higher Education to set contribution rates for this plan. Recent market performance and account crediting decisions by the PERS Board nearly doubled the proposed rates for 2003-2005 until recent legislative changes reduced the PERS rate. Further significant rate increases are expected when investment losses in 2001 and 2002 are fully recognized by PERS, and the revised PERS rates have been challenged through the courts. Resolution of final PERS (and ORP) rates may not occur until the end of the 2003-2005 biennium.

The ORP is comprised of participant-directed accounts. Participant accounts in the ORP were affected in the same way investment markets were affected in 2001 and 2002, and overall asset volume growth from 2000 to 2002 stems from increased participation...
instead of strong investment performance, which drove Plan growth in the prior period from 1998 to 2000.

Table 4. Plan Assets of Vested and Active Participants, by Fund Sponsor

<table>
<thead>
<tr>
<th>Plan Year</th>
<th>American Century</th>
<th>Scudder Investments</th>
<th>TIAA-CREF</th>
<th>VALIC</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/02</td>
<td>11,513,730</td>
<td>1,829,080</td>
<td>34,837,589</td>
<td>21,874,069</td>
<td>70,054,468</td>
</tr>
<tr>
<td>12/00</td>
<td>9,766,199</td>
<td>1,314,867</td>
<td>25,443,787</td>
<td>18,745,275</td>
<td>55,270,128</td>
</tr>
<tr>
<td>12/98</td>
<td>5,096,709</td>
<td>532,750</td>
<td>12,279,936</td>
<td>10,297,974</td>
<td>28,207,369</td>
</tr>
</tbody>
</table>

Plan Revisions

Prior to the 2002 Plan restatement, the Plan document has been amended twice to respond to legal advice and to make administrative clarifications. On February 22, 2002, the restated Plan document was submitted to the IRS for a determination letter of qualified Plan status to adopt six tax laws—the Uruguay Round Agreements Act (GATT), USERRA, SBJPA, RRA 97, RRA 98, and The Community Tax Relief Act of 2000—collectively known at GUST. The Plan document received a favorable determination letter on September 11, 2002, after adopting IRS-suggested language (Amendment No. 1) related to definitions of compensation and leased employees.

The Plan restatement also incorporates provisions of the Economic Growth and Tax Reconciliation Relief Act of 2001 (EGTRRA). Effective April 1, 2002, EGTRRA permits participants to defer additional retirement savings and increases portability of retirement benefits by recognizing an expanded menu of “qualified” plans eligible to receive rollover contributions. The Oregon Department of Justice has reviewed and approved all of the EGTRRA amendments included in the Plan restatement.

Action Item

The Retirement Committee and Trustees propose adoption of Amendment No. 2 to address operational and definitional issues that have arisen since its original implementation, and to recognize new Treasury Regulations. Amendment No. 2 (Appendix “E”) makes the following changes to the Plan document:

1) Updates definitions and terms used in the Plan document.
2) Restates Plan eligibility rules, adding qualifying position requirements to conform the Plan to PERS eligibility rules.
3) Clarifies participant status, designating participants as “active,” “inactive,” or “retired” for determination of contribution status.
4) Adopts advice provided by the Oregon Department of Justice regarding irrevocability of the original election to participate in the ORP instead of PERS.
5) Reorganizes date-linked Plan provisions for sequencing.
6) Describes forfeiture accounts held by the fund sponsors, the timing of transfers to such accounts, and allocation of forfeiture funds.
7) Revises portions of Plan language to improve readability and interpretability by administrators.
8) Clarifies vesting status of separated individuals in the event of Plan termination.
9) Updates Plan sections on minimum required distributions and death benefits to reflect Treasury Regulation Section 1.401(a)(9), which was finalized after the Plan restatement had been submitted to the IRS.

The restated Plan document is available upon request to the Retirement Committee, care of the OUS Human Resources Division.

Staff Recommendation to the Board
Staff recommends that the Board approve the proposed amendments to the Optional Retirement Plan as submitted in Appendix “E”.

(Board action required.)
Amendment to OAR 580-010-0035, Residence Classification of Armed Forces Personnel, Temporary Rule

Summary and Background
The 72nd Legislative Assembly passed, and the Governor signed, Senate Bill 525, which expands the definition of Armed Forces personnel eligible for consideration as Oregon residents for tuition purposes at Oregon University System institutions. This proposed administrative rule amendment would modify the Board's current residency policy to be consistent with Oregon law. Because of the need to bring the Board's rule into conformity during summer term 2003, the proposed amendment will be adopted as a temporary rule. Permanent rulemaking procedures will be undertaken so that a permanent rule will be in place prior to the expiration of the temporary rule. The proposed new language is noted in bold text.

OAR 580-010-0035
Residence Classification of Armed Forces Personnel
(1) For purposes of this rule, members of the armed forces means officers and enlisted personnel of:
(a) The Army, Navy, Air Force, Marine Corps, and Coast Guard of the United States;
(b) Reserve components of the Army, Navy, Air Force, Marine Corps, and Coast Guard of the United States;
(c) The National Guard of the United States and the Oregon National Guard.
(2) Notwithstanding OAR 580-010-0030, members of the armed forces and their spouses and dependent children shall be considered residents for purposes of the instructional fee if the members:
(a) Reside in this state while assigned to duty at any base, station, shore establishment or other facility in this state;
(b) Reside in this state while serving as members of the crew of a ship that has an Oregon port of shore establishment as its home port or permanent station; or
(c) Reside in another state or a foreign country and file Oregon state income taxes no later than 12 months before leaving active duty.
(3) An Oregon resident entering the armed forces retains Oregon residence classification until it is voluntarily relinquished.
(4) An Oregon resident who has been in the armed forces and assigned on duty outside of Oregon, including a person who establishes residency under section (2)(c) of this rule, must return to Oregon within 60 days after completing service to retain classification as an Oregon resident.
(5) A person who continues to reside in Oregon after separation from the armed forces may count the time spent in the state while in the armed forces to support a claim for classification as an Oregon resident.
(6) The dependent child and spouse of a person who is a resident under section (2) of this rule shall be considered an Oregon resident. "Dependent child" includes any child of a member of the armed forces who:
(a) Is under 18 years of age and not married, otherwise emancipated or self-supporting; or
(b) Is under 23 years of age, unmarried, enrolled in a full-time course of study in an institution of higher learning and dependent on the member for over one-half of his/her support.
Stat. Auth.: ORS 351.070 and 351.642

Staff Recommendation to the Board
Staff recommends the Board amend OAR 580-010-0035, Residence Classification of Armed Forces Personnel, as a temporary rule.

(Board action required. Roll call vote.)
OIT, Certificate, Dispute Resolution

Oregon Institute of Technology proposes to offer an instructional program leading to an undergraduate certificate in Dispute Resolution, effective fall 2003. Dispute resolution involves the skills of negotiation and facilitation to assist parties in resolving their conflicts as individuals, groups, or organizations. Other Oregon institutions offering related programs are:

- Portland State University, M.A./M.S., Conflict Resolution;
- Marylhurst University, 12-credit certificate, Conflict Resolution and Mediation;
- University of Oregon, mediation training and clinics through the Law School; and
- Southern Oregon University, dispute resolution and conflict management courses offered through its Extended Campus program.

OIT’s proposed program requires students to complete 27 credits in various aspects of communication (e.g., intercultural, organizational, nonverbal), mediation, facilitation, negotiation, and conflict resolution. Students will also complete a mediation practicum at the Klamath Mediation Center to gain hands-on experience deemed by the Oregon Dispute Resolution Commission to be essential for qualified mediators.

Practicum students will observe mediations, partner with experienced mediators and, ultimately, mediate “solo” to resolve community disputes.

The field of dispute resolution is growing and its value rising. For example, nationally, the Alternative Dispute Resolution (ADR) Act of 1998 requires federal district courts to adopt an official ADR program. The U.S. Postal Services, the largest federal employer, conducts over 10,000 mediations a year. Sixteen states, including Oregon, Washington, and California, require some form of mandatory mediation in cases involving divorce, child custody, small claims, and landlord/tenant disputes.

The proposed program will enhance student skills in conflict resolution and communication, regardless of their career or life choices. Graduates of the program will, among other things, be able to

- document a facilitation or mediation,
- recognize group dynamics and respond effectively,
- adapt appropriately for intercultural communication,
- understand how group membership and organizational membership affect conflict,
- respond appropriately to nonverbal communication, and
- demonstrate mastery of facilitation and mediation.

The program will utilize existing coursework, mainly from the Communication Studies area. OIT anticipates serving 25 students per year.
Although Oregon does not professionally regulate mediators and facilitators, the Oregon Dispute Resolution Commission sets standards for mediators working in Community Dispute Resolution Centers, such as the Klamath Mediation Center. These standards include academic and practical training in communication and dispute resolution skills. OIT’s proposed program exceeds those standards.

Because the program relies on current course offerings, no new faculty, staff, facility, equipment, or library resources are required.

*Staff Recommendation to the Board*
Staff recommends that the Board authorize Oregon Institute of Technology to establish a program leading to the undergraduate certificate in Dispute Resolution. The program would be effective fall 2003, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

*(Board action required.)*
OIT, B.S., Echocardiography

Oregon Institute of Technology proposes to offer an online, degree-completion program leading to the baccalaureate degree in Echocardiography, effective fall 2003. This program would be open only to registered cardiac sonographers, and students who hold cardiac credentials through the American Registry of Diagnostic Medical Sonography or Cardiovascular Credentialing International will be awarded 72 credits toward the degree. They will be required to complete an additional 61 OIT credits in health care, cardiology, pediatric and adult echocardiography, and an echocardiography externship.

In the U.S., 6,500 people are registered cardiographers. However, the only relevant educational programs lead to certificates or associate degrees, or offer study in an area of concentration within an ultrasound baccalaureate degree. OIT’s program would be the first of its kind in the field.

The proposed program will be taught by adjunct faculty under the leadership of the director/instructor of OIT’s Ultrasound Vascular Technology degree-completion program. Because the program is totally distance delivered, there will be little effect on OIT’s on-campus infrastructure. Students will be required to use lab facilities and equipment at their current work sites and have access to library resources through their lab, hospital or clinic libraries; and their local colleges/universities. The program will be self-supporting, with faculty paid on a per-student basis. As soon as the proposed program is implemented, full accreditation will be sought through the Joint Review Commission on Diagnostic Medical Sonography.

Estimated enrollment is 25 students per year, with up to 100 students enrolled at any given time. OIT projects that the majority of students would likely be from outside the state.

Staff Recommendation to the Board
Staff recommends that the Board authorize Oregon Institute of Technology to establish an online, degree-completion program leading to the B.S. in Echocardiography. The program would be effective fall 2003, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

(Board action required.)
OSU, Certificate, Language in Culture

Oregon State University proposes to offer an instructional program leading to an undergraduate certificate in Language in Culture, effective immediately upon Board approval. This 31-credit certificate will be offered by the OSU Departments of Anthropology and Foreign Languages and Literatures. Students will be required to complete a 13-credit core and 18 elective credits, and to study two languages other than English, one of which must not be in the Indo-European language family. End-of-first-year proficiency is required in one language, and end-of-second-year proficiency in the other. Participation in a study-abroad program is highly recommended.

OSU's certificate program would be the only one in the state. Currently, OSU offers no organized educational experience in linguistics. Interested students must put together their own set of courses, which lacks any specific transcription beyond the individual courses themselves, or attend another university. UO has a linguistics department, but the focus is not on the contextualized study of language in culture, and UO's anthropology department offers one undergraduate class in linguistic anthropology. PSU offers a bachelor’s degree in applied linguistics, but there are no linguistic-oriented courses in the anthropology department.

In the workforce, the ability to communicate cross-culturally continues to be a valued and important skill. Students with this certificate will be prepared to understand linguistic diversity at the level of phonology, morphology, and syntax; and to understand the ways in which communication patterns vary among cultural groups. Program graduates will be able to apply their knowledge of sociolinguistics to real-life situations. OSU anticipates admitting 20 students in the first year of the program.

The proposed program will utilize existing coursework, and no additional faculty, staff, facilities, or equipment are needed to support the program. Library resources are adequate, and potential additions and avenues for acquisition of targeted materials have been proposed.

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

(Board action required.)
UO, M.Ed., Teaching and Learning

The University of Oregon proposes to offer an instructional program leading to the Master’s of Education (M.Ed.) degree in Teaching and Learning, effective fall 2004. All aspects of the program are currently operational in the UO College of Education as specialty areas within the master’s degree in Educational Leadership. The formation of a new, stand-alone degree will bring visibility to the major and allow it to be more appropriately placed within the College’s organizational area of Teacher Education.

Currently, the Oregon Teacher Standards and Practices Commission (TSPC) requires that, within six years of initial licensure, all teachers complete a master’s degree and provide evidence of advanced proficiency. The proposed program is designed to produce a cadre of teachers who meet these requirements and are well-positioned to effectively contribute to the implementation of the state’s educational reform agenda. Overall, the training will focus on an analysis of student learning, classroom and behavior management, assessment, and teaching. Graduates will understand the state’s core curriculum and performance standards and know how to implement them in ways appropriate for a diverse group of students in their selected authorization levels.

Students in the proposed program will select one of three fields of study associated with teacher development – (1) Integrated Teaching (IT), (2) Early Childhood/Elementary (GET), and (3) Middle/Secondary (MSEC) – and will be able to earn both the M.Ed. degree and recommendations for licensure for GET or MSEC authorizations. Those students with the IT focus would earn the master’s degree and receive an endorsement in early childhood/elementary special education.

IT students will be required to complete a total of 64 credits, 36 of which are required licensure and foundations courses. Depending on the emphasis area chosen (i.e., ESOL/bilingual, middle school authorization, technology, or early intervention), IT students will need to earn an additional 18 to 23 credits. GET students must take 61 credits required for licensure and, for the degree, an additional 9 credits in research, current issues in teaching and learning, and a capstone. MSEC students will complete 49 credits for licensure and, for the degree, an additional 12 credits that include research, current issues in teaching and learning, an elective, and capstone. Combined program capacity is 200 students – 60 IT, 30 GET, and 80 MSEC. Enrollment is limited by practicum placement requirements.

The critical need for teachers is well-known, nationally and across the state. With the K-12 student population growing at a time when teacher retirements are on the rise, that need is expected to continue. In addition to UO’s teacher education programs, the following Oregon schools offer graduate programs leading to TSPC licensure in Early Childhood, Elementary, Middle, and/or Secondary levels: EOU, OSU, PSU, SOU, WOU, Concordia University, George Fox University, Lewis and Clark College, Northwest Christian College, Pacific University, the University of Portland, and Willamette University.
With the recent addition of two tenure-track faculty, all requisite faculty are in place to offer the program. Support staff in the College of Education will provide necessary administrative assistance, and all other facilities, equipment, and resources are sufficient.

An external review team conducted an on-site evaluation of the program. The team members were:

- Mark Alter, professor, educational psychology and chair, Department of Teaching and Learning, New York University
- Steven Bossert, professor, Teaching and Leadership, Syracuse University
- Cecil Miskel, professor, educational administration and policy, University of Michigan

The team supported the program’s structure and direction, agreeing that the reorganization into a full major would “provide an organizational and pedagogical integrity.” The report returned several times to the strength of the faculty expertise and energy; however, they underscored the challenge of faculty being able to sustain their current teaching, research, and service efforts over an extended period of time.

Staff Recommendation to the Board

Staff recommends that the Board authorize the University of Oregon to establish a program leading to the Master’s of Education in Teaching and Learning. The program would be effective fall 2004, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2009-10 academic year.

(Board action required.)
OHSU, Ph.D., Biomedical Informatics

Oregon Health & Science University proposes to offer an instructional program leading to the Ph.D. in Biomedical Informatics. The proposed program, housed in the Department of Medical Informatics and Clinical Epidemiology in the School of Medicine, would be one of only 11 such programs in the country. The goal of the program is to develop independent researchers, dedicated teachers, and leaders who can bring novel strategies and new ideas to the interdisciplinary domain of biomedical informatics in health care, academia, and industry.

The proposed doctorate will round out the biomedical informatics offerings in Oregon, building on the success of OHSU’s other biomedical informatics programs – two master’s degrees and a graduate certificate. In fall 2002, over 50 students were enrolled in Biomedical Informatics programs on campus, and nearly 200 students enrolled in the distance-learning version. However, students who wanted to continue their studies at the doctoral level had to leave the state.

Students would be required to complete a minimum of 135 credits: 48 in coursework that leads to the demonstration of medical informatics knowledge; 12 in advanced research methods and design; 12 in a cognate area that complements the proposed area of research; 12 departmental seminar credits; 3 credits of symposium; and 48 research and dissertation credits.

According to the Biomedical Information Science and Technology Initiative of the National Institutes of Health (NIH), there exists a “critical importance of integrating computing expertise with biomedical research. . . . The biomedical community is increasingly taking advantage of the power of computing, both to manage and analyze data, and to model biological processes.” However, there’s a “paucity of researchers with cross-disciplinary skills” at a time when there’s “an expanding opportunity to speed the progress of biomedical research through the power of computing.” Information technology benefits health care generally, and Oregonians directly. To the extent that information technology improves the quality of health care delivery, the reduction of medical errors and financial waste, and the discovery and dissemination of new knowledge, it will allow the state to respond more effectively to social, economic, and environmental needs.

Another compelling reason for launching the program at this time is the renewal of OHSU’s biomedical informatics training grant from the National Library of Medicine (NLM). The NLM grant, which extends through 2007, provides funding for an initial cohort of three students. Faculty are also writing support for doctoral graduate research assistants into their research grant proposals, which will provide additional funding for the program. OHSU anticipates enrolling no more than five to seven students in the first few years, graduating that many students in the following four or five years.
The program will be self-supporting, through utilization of the tuition-recovery model, as well as the NLM grant. The department has 60 faculty, 8 of whom will serve as core faculty to this program. All other staff, facilities, equipment, and resources are in place to offer the program.

Board policy requires new graduate programs to be evaluated by an experienced, knowledgeable external review team. Those reviewing the Ph.D. in Biomedical Informatics were:

- Reed M. Gardner, Ph.D., chair, Department of Medical Informatics, University of Utah
- James P. Turley, R.N., Ph.D., associate dean for Academic Affairs, Health Information Sciences, University of Texas Health Science Center at Houston
- Francis Y. Lau, Ph.D., director, Health Information Science, University of Victoria

The review team visited OHSU in March 2003 and “enthusiastically” supports the proposed program. Program strengths identified by the team include flexibility, which allows students to develop a research agenda, and add and apply requisite skills; “exceptionally talented and internationally recognized” faculty; student access to numerous academic programs in the Portland metro area; program adaptability to changes in the market and health informatics field; and strong M.S., medical, and nursing programs at OHSU. The single qualifying statement in the review team’s report related to the faculty’s lack of experience mentoring doctoral students. Faculty awareness of this has resulted in an enrollment limit of two to three students per year for the first few years. Also, a large number of jointly appointed faculty with considerable Ph.D. training experience will provide assistance.

**Staff Recommendation to the Board**

Staff recommends that the Board authorize Oregon Health & Science University to establish a program leading to the Ph.D. in Biomedical Informatics. The program would be effective fall 2003, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

*(Board action required.)*
OHSU, M.S., Clinical Nutrition

Oregon Health & Science University proposes to offer an instructional program leading to the M.S. degree in Clinical Nutrition, effective fall 2003. This program will focus on human nutrition, with a subspecialty emphasis in the student’s chosen area of clinical interest (e.g., pediatrics, renal, medical nutrition therapy). Currently, there is only one other graduate program in Clinical Nutrition in the Northwest. Oregon State University has a long-standing and nationally recognized undergraduate and graduate nutrition program, offering the B.S., M.S., and Ph.D. in Nutrition and Food Management. However, a specific emphasis in clinical nutrition is not available. OHSU’s proposed program would both supplement and complement OSU’s program offerings.

Program curriculum is built on clinically-based science courses currently offered at OHSU and advanced basic nutrition science courses offered at OSU. Students will be required to complete 60 graduate credit hours, including research, practicum, and thesis, and two course offerings at OSU. The nutrition seminar may be taught on alternate years at OSU and OHSU, or taught conjointly on an annual basis. Faculty from OSU and OHSU would serve on thesis committees of graduate students from each others’ university where the basic or clinical perspective, respectively, of nutrition is warranted.

The proposed program builds on more than 70 years of successful operation of OHSU’s Registered Dietitian (R.D.) program. This one-year postbaccalaureate program, which has been a national model, would serve as a feeder program to the Clinical Nutrition major. Registered Dietitians could matriculate in one of two sequences, depending on whether they graduated from OHSU’s Dietetic Internship program. Other health professionals (e.g., M.D.s) who meet health- and disease-related nutrition prerequisites, and have the science background required for admission to coursework in the Department of Biochemistry and Molecular Biology and the Department of Physiology, would qualify for admission. First-year enrollment will be limited to 5 students, with an anticipated enrollment of 15 to 20 students by the end of a decade.

Training in the U.S. in nutrition has largely been met by nutritional science and food systems management programs, and by dietetic internships leading to eligibility for R.D. certification. Systematic training for health professionals in specialized areas of nutrition that apply to care of specific disorders (e.g., inherited metabolic diseases, kidney failure, infant and geriatric illness, diabetes) is not widely available, and medical, nursing, and dental students receive only minimal instruction in nutrition. Consequently, too few health professionals are available to provide expert clinical services, conduct effective clinical research in nutrition, and educate the next generation of health professionals.

This scarcity of clinical nutrition programs with specialty training options, and the American Dietetic Association’s new specialty certification in nutrition, has resulted in a growing need for formal clinical nutrition training. Registered dietitians and other health professionals themselves have recognized this need for specialization for years and
have become certified within specialty groups such as the American Diabetes Association, National Kidney Foundation, and the American Society for Enteral and Parenteral Nutrition. Advanced graduate-level preparation is currently required for advanced practice recognition by the American Dietetic Association and recommended for specialty certification in pediatrics, renal, and metabolic nutrition. It is anticipated that additional specialty certification categories will be developed and require a minimum of a master’s degree and the R.D. credential.

Areas of dietetic practice vary widely, ranging from health promotion and disease prevention programs (e.g., Head Start, sports wellness, maternal/child nutrition) to medical nutrition therapy (e.g., renal disease/dialysis, transplant care, critical care/trauma, burns, geriatric nutrition) to academia (e.g., medical schools, community colleges, family practice programs). Qualified R.D.s enrolled in the program will be prepared to fill academic positions in Dietetic Internship Training programs, to teach nutrition to other health care professionals in the clinical setting, to teach nutrition to health science students and residents in U.S. universities, and to participate in human nutrition research.

OHSU has an increasing number of faculty interested in human nutrition and its relationship to health, disease, and disease prevention, and many have pursued nutrition as their primary research area within their medical specialties. The Clinical Nutrition program will utilize 2.5 FTE faculty, and no new faculty will be required. Support staff to the Dietetic Internship program will provide the requisite clerical assistance, and no additional facilities, equipment, or resources will be required for the program. Teaching facilities are readily available at OHSU, and the former NIH designation of a Clinical Nutrition Research Center at OHSU resulted in the establishment of core research facilities, which will also be available to students in the program.

An external review team evaluated the Clinical Nutrition master’s program. Team members were:

- Beverly McCabe-Sellers, Ph.D., R.D., L.D., professor, Department of Dietetics and Nutrition, University of Arkansas for Medical Sciences
- Sachiko St. Jeor, Ph.D., R.D., director of the Nutrition, Education, and Research Program, University of Nevada, Reno
- Rosemary Wander, Ph.D., associate provost of research, University of North Carolina at Greensboro

The team reported that the proposed program will offer the clinical focus unavailable in the OSU program and is important in meeting Oregon’s and the nation’s needs. It noted that “Oregon is underrepresented with dietitians with advanced training, graduate degrees, or specialty training compared to the national averages.” The state, in particular, needs “more advanced-level trained nutritionists for policy, health care planning, food industry, and clinical research.” The single potential weakness identified by the external review team was the “faculty’s lack of previous experience with thesis
advising and committees.” However, collaboration with other faculty, and the limited initial enrollment, will address that concern.

Staff Recommendation to the Board
Staff recommends that the Board authorize Oregon Health & Science University to establish a program leading to the M.S. in Clinical Nutrition. The program would be effective fall 2003, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

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

Summary
Pursuant to ORS 526.225, Oregon State University nominates Thomas M. Quigley and Marvin Brown 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 Dr. Thomas M. Quigley, newly appointed Station Director of the Pacific Northwest Research Station to fill the vacant position as head of a public forestry agency. Dr. Quigley is a third-generation Forest Service employee whose entire career, except for a short stint in the military, has been in the Forest Service. He began in the PNW Research Station in 1977 and returned 26 years later as the Station Director. He holds a bachelor’s and master’s degrees in watershed and range science from Utah State University and a doctorate in range science, with an emphasis in economics, from Colorado State University.

• Appointment of Marvin Brown, who has been named the State Forester replacing Acting State Forester, Roy Woo. Mr. Brown comes to the State Forester position after serving as the director of private forestland management with the American Forest and Paper Association in Washington, D.C. He served as State Forester of Missouri from 1992-99. He worked for Willamette Industries from 1999-2002 as director of forest policy, stationed in Portland Oregon, and also Ft. Mill, South Carolina. Mr. Brown has forestry credentials that include international policymaking experience. He served on a panel that wrote the “Montreal Process Criteria and Indicators,” widely recognized measures of forest sustainability that the Oregon Board of Forestry has adapted and incorporated into its draft 2003 strategic plan.
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.)
Follow-up Reviews Conducted in 2002-03 of Selected Programs

_Staff Report to the System Strategic Planning Committee_

In November 1990, the Board approved a policy directing the OUS Office of Academic Affairs to conduct a follow-up review of each degree program or significant new option within an existing degree program approved by the Board since January 1, 1983. The purpose of the follow-up review is to describe the status of the programs five years after their full implementation. For each program, institutions have reported briefly on major modifications in the program, enrollment, degree production, accreditation (when applicable), resources, and student outcomes. Certificate and subdegree programs, such as teacher licensure endorsement programs, provide abbreviated information.

During the 2002-03 academic year, the following programs were reviewed:

**Oregon Institute of Technology**
- Applied Psychology, B.S.
- Civil Engineering, B.S.
- Health Sciences, B.S.
- Management, B.S.
- Ultrasound, B.S. with options in Vascular Technology and Diagnostic Medical Sonography

**Oregon State University**
- Bioengineering, B.S.
- Radiation Health Physics, Ph.D.

**Portland State University**
- Mathematics Education, Ph.D.
- Performance or Conducting, Master of Music
- Women's Studies, B.A./B.S.

**Southern Oregon University**
- Language and Culture, B.A. with concentrations in French, German, and Spanish

**University of Oregon**
- Biochemistry, B.S.
- Ethnic Studies, B.A./B.S.
- European Studies, undergraduate certificate
- Mathematics and Computer Science, B.S.

**Western Oregon University**
- Community Crime Prevention, B.A./B.S.
- Computer Science and Mathematics, B.S.

Summaries of the 17 program reviews follow.
OIT, APPLIED PSYCHOLOGY, B.S.

In June 1997, the Board authorized Oregon Institute of Technology to offer an instructional program leading to the baccalaureate degree in Applied Psychology. The objectives of the program are to (1) produce graduates with the necessary levels of social and communication skills required by a variety of social service agencies, (2) provide educational opportunities for placebound students wanting to pursue an applied social science curriculum related to current employment opportunities or in preparation for graduate programs in the field, (3) provide bachelor’s-level training for employment in social service settings with mandated clients such as criminal substance abusers, and (4) serve as a minor field of study in health psychology for students training for health-related occupations. Students select one of three emphasis areas for in-depth study: human services, health psychology, or organizational development.

The program has undergone only minor modifications in the last five years. Course sequencing has been adjusted to facilitate smooth student progress through the curriculum; new electives have been added; and a fourth track – pre-education – has been added for students who want to pursue an M.A.T. following graduation.

Although not required, most seniors take advantage of the externship opportunities in the program. Students register for 4 to 15 credits, depending on how much time they spend at the extern site. Seventy-five sites have been used so far and include Community Corrections, Klamath County Mental Health, Oregon Human Services Division, Klamath Youth Development, Klamath Falls City Schools, and Klamath County Head Start.

An advisory board of human service agency directors and business managers provides advice regarding the program’s direction. OIT is considering offering the program at their Metro Center.

Since program implementation in fall 1997, 126 students have been awarded degrees. Currently, 185 students have declared Applied Psychology as their major, which is consistent with the student enrollment (≤ 200) anticipated in the original program proposal.

Faculty resources have remained constant at 4.0 FTE. Two additional faculty hires originally proposed have not been made due to constrained budgets. However, several adjuncts bring expertise to classes that cannot be taught by full-time faculty. The library has been supportive of the program by providing journal subscriptions, videotapes, books, and other relevant materials.

Over the past five years, program graduates have attained a 90 percent placement rate in employment or graduate school. Currently, two graduates are pursuing Ph.D.s.
OIT, CIVIL ENGINEERING, B.S.

In December 1997, the Board approved OIT’s transformation of the B.S. in Civil Engineering Technology to a B.S. in Civil Engineering. This move was largely in response to declining enrollment and a 1996 licensure change by the Oregon State Board of Engineering Examiners that, by 2006, would allow only those who earned an engineering degree that was approved by the Engineering Accreditation Commission (EAC) of the Accreditation Board for Engineering and Technology (ABET) to sit for the exam.

Consistent with changing ABET accreditation requirements, the program has undergone significant modifications in the last two years, especially in the senior-year curriculum. Rather than selecting from a variety of design electives and integrated design projects, students complete a year-long design project that integrates a civil engineering project with technical writing and oral communication.

No other major program modifications are anticipated.

In fall 1997, 32 students were admitted to OIT’s Civil Engineering Technology program. Today, 95 students are enrolled in the Civil Engineering program and, to date, 107 students have graduated from the program.

Approximately $22,000 in external funding has been generated by the program. Faculty resources remain strong, with 9.0 FTE ranked faculty contributing to the program. OIT library holdings in the area of civil engineering have increased substantially over the past five years. Hundreds of new civil engineering books, periodicals, and resources have been added to the library, and membership in the Orbis consortium allows faculty and students to access a large number of engineering references.

A number of laboratory facilities also support civil engineering. In fall 2002, the Civil Engineering and Geomatics Departments’ Design Resource Center (DRC) opened. The 1,200-square-foot DRC houses 20 fiber-optic networked computers and state-of-the-art practice software in the areas of structural, geotechnical, environmental, construction, and transportation engineering. Layout tables and a plans file support student teams working on a project. Other facilities include:

- Soils/concrete lab
- Strength of materials lab
- Hydraulics lab
- Geotechnical lab
- Structural engineering lab

OIT, HEALTH SCIENCES, B.S.

In May 1997, the Board authorized OIT to offer an instructional program leading to the baccalaureate degree in Health Sciences. This program provides a balanced course of study in basic sciences, social sciences, communications, and mathematics. Program graduates are prepared for employment in biomedical and biotechnological industries or
entry into professional or graduate programs in the allied health and medical sciences fields.

A number of curricular changes have been made to the program. Course deletions include abnormal psychology, clinical pharmacology, three terms of general physics with calculus, two terms of public health, health psychology, advances in medical sciences, several seminars, and the senior-year research and project. New courses include immunology, biochemistry II, three terms of general physics, and medical terminology. The overall credit requirements have been reduced to 185 from 190. Only minor modifications are anticipated in the future (e.g., upgrading the general biology sequence from four-credit courses to five-credit with the addition of a one-hour recitation section).

Many of the Health Sciences course materials are posted on the web. Faculty are experimenting with virtual-classroom help sessions before exams, using the format of chat room discussions.

Health Sciences has sufficient faculty, staff, and other resources necessary for the program; however, the majority of faculty in the Natural Sciences department and Health Sciences program are teaching overloads. Faculty are involved with community outreach programs such as TWIST, Saturday Experience (a.k.a., Saturday Academy), and Expanding Your Horizons, believing that it’s important to stimulate an interest in the sciences in children of all ages.

OIT has invested in the construction of a new anatomy and physiology facility, which opened in 2000 and included $65,000 for new lab equipment, furniture, and computers. In addition, OIT’s Resource Fee Commission has provided approximately $107,000 during the past five years to update equipment in the biology, chemistry, and anatomy laboratories.

Sixty students are currently enrolled in the major, and 19 students have graduated to date. The original program proposal projected 50 majors and 50 graduates by the end of five years. Seventy-five percent of the program’s seniors who have applied to graduate or professional school have been accepted. Some are interested in studying molecular biology or biochemistry as preparation for hospital administration or teaching science at the high school or community college level. The majority of students intend to enter the fields of dentistry, medicine, physical therapy, pharmacy, or veterinary medicine. The Health Sciences program meets or exceeds prerequisite requirements for these graduate/professional programs. Those students who have entered the workforce have found employment with biotechnology companies and government agencies, including the military.

The OIT Health Sciences Club offers students additional information. Guest speakers, usually professionals in the field, provide “insider” information, clarify expectations, and provide networking contacts.
OIT, MANAGEMENT, B.S.

In June 1997, the Board authorized OIT to offer an instructional program leading to the baccalaureate degree in Management. Students choose an emphasis area: accounting, marketing, or entrepreneurship and small business management. All students complete a two- to three-term senior project in which they work with a client in the business community to develop an original solution to a real-world problem. Each senior project requires a 200-hour time commitment from the student, who must use tools and techniques drawn from at least five disciplines within the curriculum.

In the accounting track, students develop an accounting system and must cover all phases of systems analysis, design, installation, and testing. Students in the marketing track work with a client on one or more phases of marketing or marketing research. Recent student projects have included marketing research for the Ross Raglan Theater, advertising literature development for Avista Utilities, newspaper advertising development for Rina’s Flowers and Gifts, development of a marketing plan and literature for the Wildland Fire Training courses at Klamath Community College, marketing plan development for Kla-Mo-Ya Casino, and a business retention-and-expansion study for the Klamath County Chamber of Commerce. Examples of the projects completed by students in the entrepreneurship and small business management area include preparation of extensive business plans for a tax-preparation service, a home remodeling business, an urgent care medical clinic, a web-page design business, a family fun center, a crafts and scrapbooks business, and a Sno-Cat skiing-guide business.

Currently, 126 students have declared Management as their major–39 in the accounting track, 42 in marketing, and 45 in entrepreneurship and small business management. In the past five years, a total of 92 degrees have been awarded–27 in the accounting track, 34 in marketing, and 31 in entrepreneurship and small business management.

Graduate outcomes have been positive. Students from the accounting track who wish to become licensed CPAs take the additional required credits at OIT or complete a one-year master’s program. Some students have found immediate employment with public accounting firms (e.g., KPMG, Isakson & Co., Stephen Greer & Associates), banks (e.g., Klamath First Federal, South Valley Bank), financial services providers (e.g., Elliot-Ledgerwood & Co.), city and county government, hospitals (e.g., Merle West Medical Center), the Klamath Tribes, and the Confederated Tribes of Warm Springs. Job titles include accountant, staff accountant, financial statement accountant, auditor, and controller.

Most graduates in the marketing track are seeking, or have found, employment in the Pacific Northwest. Current employers include Jeld-Wen, Klamath First Federal, Klamath County, Sykes Enterprises, Enterprise Rent-a-Car, the Herald and News, and Columbia Forest Products.

Graduates from the entrepreneurship and small business management track have pursued graduate studies or employment. Some of the graduates are self-employed,
having started businesses in tax preparation, home remodeling, and private-label recording. The majority of graduates have found employment with Pacific Northwest firms, including Klamath First Federal, Klamath County Economic Development Association, South Valley Bank, Les Schwab Tires, Lithia Motors, the Herald and News, the Bureau of Land Management, and OIT.

Current department and associated faculty are sufficient to support this program. A departmental computer lab, which has 28 workstations, was upgraded in 2000. It is used as a teaching classroom and open lab for student projects, and all necessary software is available. In addition, the library has increased acquisitions and electronic subscriptions to support the program.

**OIT, ULTRASOUND, B.S. WITH OPTIONS IN VASCULAR TECHNOLOGY AND DIAGNOSTIC MEDICAL SONOGRAPHY**

In January 1997, the Board authorized OIT to offer an instructional program leading to the baccalaureate degree in Ultrasound. Students complete one of two options, both of which receive guidance and input from advisory committees. Diagnostic Medical Sonography (DMS) involves the imaging of anatomical structures and pathological conditions using an ultrasonic beam. Students in this track receive three years of instruction and are placed in an externship during their senior year. They also participate in part-time clinical rotations at the local hospital during their junior year. A clinical laboratory practicum is obtained with weekly three-hour labs. Program graduates are prepared to take the national registry examinations in ultrasound physics, abdomen, and obstetrics/gynecology sonography.

Vascular technology (VT) is the imaging of vascular structures and pathological conditions using an ultrasonic beam. The curriculum design is similar to the DMS track, with the student’s fourth year devoted to an externship at an OIT-affiliated clinical site. After graduation, students may sit for two national board examinations: Vascular Technology and Vascular Physical Principles and Instrumentation.

The only program modifications have been curricular adjustments. For example, a patient-care course was not in the initial proposal for the DMS track. However, because most students in the program enroll immediately following high school and thus have little or no acute-care patient experience, a course was created to provide fundamental clinical information. Although the VT track does not envision future modifications to the program, the DMS track does. With continued advances in the field, additional requirements may be necessary. Also, whenever possible, seminar courses in such areas as breast ultrasound and neurosonography are offered.

The vascular technology track is currently undergoing accreditation through the Joint Review Committee on Diagnostic Medical Sonography. Programmatic accreditation of the DMS track began in spring 2003 by the Commission on Accreditation of Allied Health Education Programs.
Currently, 117 students are majoring in Ultrasound—53 in the VT track and 64 in the DMS track. A total of 169 Ultrasound degrees have been awarded—129 in the VT track and 40 in DMS. (Approximately 275 graduates had been anticipated in the original program proposal.) Ninety-five percent of all graduates in the VT track are employed in the vascular field, four percent have furthered their education, and one percent are not working in the field. The vast majority of DMS-track graduates are currently employed full time.

Faculty, staff, and other resources are sufficient to support the program. Computer equipment and library resources are deemed barely adequate to support the program; the equipment is degrading because of lack of service contracts for preventive maintenance. Equipment to support DMS is adequate. The Society of Vascular Ultrasound contributed $50,000 to the program at its implementation. For DMS, three Acuson 128-XP imaging systems have been donated from hospital affiliates, and funding was received from the Northwest Health Foundation for a matching-funds purchase of one ultrasound simulator. The resource fee at OIT provides funding for the shared purchase of software. OIT has purchased two used Acuson 128 and Acuson 128-XP imaging systems.

OSU, BIOENGINEERING, B.S.

In June 1996, the Board authorized Oregon State University to offer an instructional program leading to the baccalaureate degree in Biological Engineering. In April 2001, the name of the major was changed to Bioengineering to conform to program definitions developed by the National Institutes of Health. Bioengineering is an interdisciplinary field that applies engineering principles and quantitative methods to the advancement of knowledge at the molecular, cellular, tissue, organ, and system levels; and to the development of new biologicals, materials, devices, and processes. Bioengineers may design systems for prevention, diagnosis, and treatment of disease; for patient rehabilitation; and for improving health.

OSU’s program requires students to complete 192 credits, which meets the institution’s requirements for the baccalaureate core as well as the requirements for accreditation conferred by the Accreditation Board for Engineering and Technology (ABET). ABET accreditation will be sought within the next two years.

Major modifications have been made to the bioengineering curriculum. In 1999, OSU received a $1 million grant from The Whitaker Foundation’s Special Opportunity Awards program, the mission of which is to support the development of quality programs that substantially enhance the field of biomedical engineering education. Upper-division curricular changes now allow students to choose a focus area—either biomedical engineering or biochemical engineering. Organic chemistry sequencing was changed to provide students the appropriate biochemistry background. The choice among upper-division biosciences courses was increased, an engineering ethics course was added, and a new seminar dealing with emerging issues in the field was developed.
In spring 2002, the program moved administratively from the Department of Bioengineering in the College of Agricultural Sciences to the Department of Chemical Engineering in the College of Engineering. This move prompted another set of curricular revisions to take advantage of the expertise, resources, and coursework available in that department.

Internships are not required of bioengineering students; however, such experiences are encouraged. Last year, students completed internships at Bayer Corporation, Bend Research, Legacy Clinical Research and Technology Center, MicroVention, National Institutes of Health, Good Samaritan Hospital, and Providence St. Vincent Hospital, among others. On-campus research experiences involve students with the departments of Bioengineering, Biochemistry and Biophysics, Chemical Engineering and Mechanical Engineering, the Forest Science Laboratory, and the Linus Pauling Institute. Some students also participate in research experiences at other campuses (e.g., Vanderbilt University, the University of California–Berkeley, and Georgia Institute of Technology).

Support from The Whitaker Foundation allowed OSU to hire three tenure-track bioengineering faculty in the fields of biomechanics (hired), cardiovascular engineering (hired), and tissue engineering (search in progress). Foundation money, along with associated OSU cost sharing, supported substantial enhancements to the program infrastructure. For example:

- A new bioengineering instructional lab was completed in March 2003, and includes networked, wet chemistry workstations for 16 students; a large fume hood; sinks; and a portable research bench.
- $300,000 in new instructional equipment (e.g., automatic surface tensionmeter, centrifuges, incubators, spectrophotometer) either have been added or will be in place by fall 2003.
- Two undergraduate computer labs were upgraded with 30 new computers.
- Other technological improvements include a new network backbone with extensive wiring improvements and a building-wide wireless network for access by personal wireless devices such as laptops and personal digital assistants.
- Funds are budgeted for upgrading library collections and services relevant to the bioengineering program. In addition, Good Samaritan Hospital’s newly refurbished medical library is accessible to those in the program.

To date, 27 degrees have been awarded, and 94 students are currently enrolled in the program. The original program proposal anticipated 30 graduates and 75 majors at the end of five years. Although the number of degrees awarded is slightly below the original estimate, graduate success has been high. Approximately 30 percent of the graduates sat for the Fundamentals of Engineering exam and, following work experience, completed the Principles and Practice exam. The pass rate is 100 percent.
Other graduate outcomes include:
   - military service (1)
   - employment in the biotech industry (3)
   - employment in the biomedical device industry (1)
   - graduate school: bioresource engineering (1), chemical engineering (1), bioengineering (4)
   - medical school (2)
   - research assistant at OHSU Department of Molecular Medicine (1)

Some students who went on to graduate programs have been awarded the Whitaker Foundation Graduate Fellowships in Biomedical Engineering (2), NSF Graduate Research Fellowships (2), and the Howard Hughes Medical Institute Predoctoral Fellowship in Biological Sciences (1).

**OSU, RADIATION HEALTH PHYSICS, PH.D.**

In May 1997, the Board authorized OSU to offer an instructional program leading to the Ph.D. in Radiation Health Physics. Health physicists are dedicated to the protection of people and their environment from the harmful effects of radiation. Their concerns include ionizing radiation, such as X-rays and gamma rays, and nonionizing radiation, such as microwaves and ultraviolet light. The program requires students to complete 135 credits, which are divided about equally among a major area, minor area, and thesis work. This program is among those that receive regular (i.e., biannual) review by the Department of Nuclear Engineering and Radiation Health Physics Advisory Board. No major modifications have been made to this program.

OSU is one of only four universities nationwide that offers the bachelor’s, master’s, and doctoral degrees in Radiation Health Physics. Graduates find employment in such fields as environmental monitoring, nuclear medicine, radioactive waste management, radioactive material transportation, emergency planning, risk assessment, research, and radiation detection instrumentation.

OSU had anticipated enrollment at five to ten students, with two to four students graduating per year. Currently, three students are enrolled and a total of four students have graduated from the program.

Health physicists are certified by the American Board of Health Physics. Certification can be sought only after students complete additional work experience beyond the terminal degree. None of the four graduates has been certified; however, they should become eligible for certification soon.

All faculty, staff, facilities, equipment, and other resources are sufficient to support this program.
PSU, MATHEMATICS EDUCATION, PH.D.

In September 1997, the Board authorized Portland State University to offer an instructional program leading to the Ph.D. degree in Mathematics Education. The main objective of this program is to develop mathematics educators by providing students with broad, in-depth knowledge of mathematics, as well as knowledge of the research regarding the teaching and learning of mathematics. This 84-credit program has several emphases: (1) learning and instruction, (2) experience in teaching mathematics, (3) research, and (3) interdisciplinary emphases. Candidates are required to hold a teaching assistantship in the department for at least part of their program. They must also acquire a concentration in a supporting area that has ties to mathematics education and gain experience working with urban issues and community outreach programs in mathematics and science.

No major modifications have been made to the program, nor are any envisioned in the future. In the original program proposal, PSU anticipated serving up to 15 students at any given time. Currently, nine students are admitted in the major, with two more accepted for fall 2003. One degree has been awarded so far, with two students expected to graduate in the next year.

Several grants have been generated by this program. One mathematics faculty member received a $790,000, three-year National Science Foundation (NSF) grant that supports investigation of middle and high school students’ understanding of some statistical concepts, particularly variability. Another faculty member was awarded a $6,500 contract to investigate students’ thinking in college-level differential equations. A third faculty member was awarded a five-year, $5 million NSF collaborative grant (OCEPT) to improve the teaching and learning experience of preservice teachers in mathematics and science throughout Oregon.

Faculty resources are sufficient to support this program, and their grant projects enrich the program for students, particularly if they are involved as research assistants. The program has 5.0 FTE faculty; three of these are heavily involved in offering this program, and the other two serve on committees and help as readers of comprehensives and doctoral proposals.

An ongoing concern is maintaining up-to-date materials and equipment. Sometimes materials can be partially supported by grants. PSU has invested in equipping classrooms with the necessary technology for instruction in the program. Ten more classrooms will be upgraded by fall 2003 with projection, computer interface, and other resources.

Employment opportunities for graduates of this program are excellent. The student who graduated in 2001 had several job offers. The student who is expected to graduate in fall 2003 has accepted a job offer for next year. Nationally, for the past ten years, there have been more employment opportunities for doctoral students in mathematics education than there have been students available. Students graduating from this
program are qualified to be state mathematics supervisors, curriculum specialists, and higher education faculty.

**PSU, PERFORMANCE OR CONDUCTING, MASTER OF MUSIC**

In February 1997, the Board authorized PSU to offer an instructional program leading to the master of music in Performance or Conducting. The performance option focuses on the performance of traditional Western music on all major instruments and voice. The conducting option focuses on the development of the skilled professional in both choral and instrumental conducting.

Program applicants audition before the appropriate faculty and a jury system monitors the progress of candidates during the course of their studies. The preparation and presentation of a formal public recital serves as the thesis. Students in the conducting option are required to prepare an ensemble program for public presentation. The Graduate Committee administers a comprehensive exit examination in the final term of studies.

Only one significant modification has been made to the program. Originally, the number of conducting applicants was limited by the number of active ensembles because those candidates would have responsibility for rehearsing all or part of a student ensemble as part of their curriculum requirements. Because of the popularity of the conducting option, more students have been admitted than there are active ensembles to conduct. Therefore, ensembles are shared by more than one student in a rotating process that allows students rehearsal time for preparation and mentoring by the major professor. One positive result of this change is that students receive feedback from peers as well as from the major professor. However, the department intends to add ensembles to serve the majors (e.g., a chamber orchestra).

The professional accrediting body for this major is the National Association of Schools of Music. The performance option has been accredited, and the conducting option should be accredited as soon as the Association receives confirmation of recent graduates in that option.

Twenty-five students are currently enrolled in the program, and 35 students have graduated since program inception.

Faculty resources have remained sufficient to support the program. Collections in the Millar Library have been upgraded significantly due to both University commitments and targeted gifts. University and private funding have also allowed PSU to start replacing its aging piano fleet.

**PSU, WOMEN’S STUDIES, B.A./B.S.**

In October 1997, the Board authorized PSU to offer an instructional program leading to the baccalaureate degree in Women’s Studies. Students complete 32 core credits, which include 6 credits of experiential learning (i.e., practicum, internship); and 20
credits in an emphasis area in a department or program outside Women's Studies. The core program focuses on the development of critical thinking skills and an appreciation for the range of theoretical frameworks and methodologies present in contemporary feminist scholarship. Coursework incorporates the diversity of women’s experience, with attention to race, class, and sexual orientation as well as gender. No major modifications of the program have occurred or are foreseen.

The Department places students with one of 51 different community organizations for the practicum. Students also take a capstone senior seminar, which requires them to develop and complete a project of their own design.

Currently, 68 students are admitted to the major, and 61 students have earned degrees in Women’s Studies. Approximately 80-105 graduates were anticipated in the original program proposal.

About a third of the graduates work in social service, public advocacy, or community education positions. Often, internship and practicum placements have led to employment. Another third of the graduates have chosen to continue their education.

Faculty (2.0 FTE), staff, facilities, and equipment continue to be sufficient to support this program.

**SOU, LANGUAGE AND CULTURE, B.A. WITH CONCENTRATIONS IN FRENCH, GERMAN, AND SPANISH**

In November 1997, the Board authorized Southern Oregon University to offer an instructional program leading to the baccalaureate degree in Language and Culture. The original program required 32 credits of coursework in one of three languages (French, German, or Spanish); 16 core credits in cultural anthropology, intercultural communication, and modern Europe or Latin American history; 12 upper-division credits in related fields; 6 internship/practicum credits; and 3 capstone credits. Every student in the program would be required to complete a minimum of three months in an approved international work or study program in a country where the student’s chosen language was spoken. Internships would either be completed overseas or, if done locally, have an international scope. Students must maintain a 3.0 GPA in their chosen language.

The following modifications have been made to the program:

- Noninternship option: Because some students were unable to leave the country for various reasons (e.g., financial barriers), an alternative pathway, called the Integrated Skills option, allows students to take additional courses on campus and participate in a community-based work experience in which they use their language skills.
- Required minor: To increase the employability of program graduates, all students are required to complete a minor or second major.
- Culture electives: The number of credits was reduced from 12 to 8 when the minor requirement was added.
Docket  July 18, 2003

- Change in core courses taken outside the department: The history requirement was replaced with two courses: Introduction to Literature and Introduction to Literary Criticism.
- Language assessment: Students are expected to reach the Advanced-Low proficiency level on the ACTFL scale.

Current faculty, staff, facilities, and equipment are sufficient for the program. Adjunct faculty assist with the provision of lower-division courses. Because of budget cuts, the department will use self-support and course fees to continue funding lower-division language courses. In addition, the department generates a few thousand dollars annually from the SOU Foreign Language Proficiency program; those dollars are generally used to offset the services and supplies budget.

The availability of interlibrary loans and electronic publications and databases has enhanced the resources available to the program. The SOU library has been increasing its holdings in linguistics and cultural studies, and a library staff person is designated to help students conduct research in foreign languages.

In 2002, the language lab was updated with new computers and Sony Soloist software that allows faculty to create interactive exercises or assessments for the students. The lab also receives international broadcasts. One of the department’s priority classrooms is a “smart classroom” with computer, network connections, and large-screen projector.

Currently, 82 students are declared majors in the program (compared to 30-60 projected) and 34 students have graduated in this major (compared to the approximate 51-72 anticipated). The greatest number of students choose the Spanish option, followed by French, then German. For example, of the 2002 graduates, 14 chose Spanish, 5 French, and 3 German. Graduate outcomes have included:
  - ESL teacher in Mexico
  - bilingual-school secretary
  - Spanish language specialist in county long-range planning department
  - Spanish teacher in Guam
  - second-language teacher
  - graduate school (e.g., M.A.T., linguistics, speech pathology, ESL, Latin American studies, ethnomusicology)
  - military linguist, Defense Language Institute

**UO, BIOCHEMISTRY, B.S.**

In June 1997, the Board authorized the University of Oregon to offer an instructional program leading to the baccalaureate degree in Biochemistry. Students complete 56 credits of lower-division requirements in science and mathematics, 71-74 credits at the upper-division level in science (chemistry, biochemistry, and biology), and three courses of advanced science electives. No major modifications have been made to the program nor are any expected in the future.
Roughly 50 percent of students entering chemistry studies choose to major in Biochemistry, and current Biochemistry enrollment is 97 students. Student enrollment in the Chemistry major has remained strong; fall 1997 enrollment was 98; fall 2002, 168 students majored in Chemistry. In the last five years, 92 students have graduated, which is close to the number anticipated (approximately 100-125) in the original program proposal. The majority of graduates either enter the workforce as research technicians in industry or academia, or continue their education in medical, dental, veterinary medicine, education, law, or business programs.

All faculty, staff, facilities, equipment, library, and other resources are sufficient to offer this program.

**UO, ETHNIC STUDIES, B.A./B.S.**

In October 1997, the Board authorized UO to offer an instructional program leading to the baccalaureate degree in Ethnic Studies. Students in the program examine the construction and context of ethnicity in the United States, with a primary focus on Americans of African, Asian, Latino, and Native American descent. As an element of American identity that cuts across disciplinary categories, ethnicity requires a mode of study that draws on the humanities and the social sciences, as well as such fields as cultural studies. Ethnicity must also be addressed both historically and comparatively, with attention to the five centuries of North American minority experience and the perspectives of other New World societies (e.g., Mexico, Brazil, Peru). The Ethnic Studies curriculum includes two introductory ethnic studies courses; three lower-division courses that concentrate on the social, historical and/or cultural experience of a specific group; five upper-division courses in ethnic studies or approved cross-listed courses; two upper-division core courses; and a capstone seminar in which students conduct independent research and produce a substantial seminar-length paper.

No major modifications have been made to the program, other than changes to keep the program aligned with scholarship in the field of ethnic studies and to reflect faculty research areas.

Faculty, staff, library, equipment, and other resources are adequate to support the program.

Currently, 98 students major in Ethnic Studies, which exceeds the original expectations. To date, 31 degrees have been awarded in this major. Many graduates have continued their education in graduate or professional (e.g., law) school. Others have found employment in educational and social service capacities.

**UO, EUROPEAN STUDIES, UNDERGRADUATE CERTIFICATE**

In fall 1997, UO implemented an instructional program leading to an undergraduate certificate in European Studies. Students complete an 8-credit core, 12-16 elective credits, and an independent research project. They must also study a European foreign language through at least the second year at the college level. No major modifications
have been made to the program. An expansion of course offerings continues. For example, this year Professor George Sheridan taught a course on the history of the European Union, using the extensive collection of official documents in the Knight Library. All resources are in place to support this program.

Although program planners anticipated enrollment of about 190-250 students and certificate completion by 250 students over five years, currently, 8 students are enrolled in the program, and 25 students have been awarded certificates in the last five years.

**UO, MATHEMATICS AND COMPUTER SCIENCE, B.S.**

In June 1997, the Board authorized UO to offer an instructional program leading to the baccalaureate degree in Mathematics and Computer Science. The program integrates coursework from both fields (that have separate undergraduate-degree authorization, as well) to better prepare students for graduate work or employment in information technology industries. No major modifications have been made to the program or are foreseen in the future.

Currently, 21 students are enrolled in the major, and 35 degrees have been awarded in the last five years, compared to the 50-100 graduates expected. Most of the graduates have found employment in computer science-related jobs in industry. Students in this program generally are strong in both math and computer science. This attribute, and their education (which is broader than traditional computer science programs), gives them an edge, especially in positions that are more research oriented. Some of the graduates continue their education at the professional/graduate level.

Current faculty, staff, equipment, facilities, and other resources are sufficient to support this program.

**WOU, COMMUNITY CRIME PREVENTION, B.A./B.S.**

In October 1997, the Board authorized Western Oregon University to offer an instructional program leading to the baccalaureate degree in Community Crime Prevention, a specialty within the field of criminal justice. The program requires completion of 18 core credits, 15 criminal justice credits, 27 social science credits, and a 12-credit practicum. Students have worked with police and sheriff departments, adult and juvenile parole and probation departments, city and county crime prevention agencies, and adult and juvenile correctional institutions for their practical experience.

Students in the program gain an understanding of the conditions under which crime can be prevented at the community level; which actions, programs, and policies are successful in preventing crime; the extent to which such efforts have been successful in the past; and how to differentiate more-effective from less-effective community crime prevention programs. The only modification to the program has been to reduce the total baccalaureate requirement from 192 to 180 credits—a change implemented in all WOU bachelor’s programs.
Currently, eight students are enrolled in the major. Western anticipated some of the 400 criminal justice majors would enroll in this program, as well as new students. To date, 12 students have graduated. Four of these have gone on to graduate school, three are employed in a crime-prevention capacity in the nonprofit sector, two are working in county-level juvenile departments, one is working in a county crime-prevention office, and one is a deputy sheriff.

**WOU, COMPUTER SCIENCE AND MATHEMATICS, B.S.**

In April 1997, the Board authorized WOU to offer an instructional program leading to the baccalaureate degree in Computer Science and Mathematics. The program was designed specifically for students desiring a solid foundation in mathematics and in programming/language skills sought by high-technology industries. Students are required to complete 53 mathematics credits and 52 computer science credits. No major modifications have been made to the program.

A two-quarter computer science senior project is required. Student teams work with an off-campus client who needs a software application written. Each team has a faculty project mentor to whom it reports weekly. The team project includes analysis, design, implementation, and testing of the application. The team also produces many of the standard documents, such as the user's manual and testing manual. The project culminates in a public presentation of the project.

Current resources are sufficient to support this program. Because it represents an administrative way of combining two existing majors and because no major-specific courses are offered, the program does not drain resources from any other program.

Currently, 2 students are enrolled in this major, compared to the 10-15 students envisioned in the original program proposal and 6 students have graduated in the last five years.

*(No Board action required.)*
Status of the Western Undergraduate Exchange Program

Staff Report to the System Strategic Planning Committee
This is the annual report on Oregon’s experience with the Western Undergraduate Exchange Program (WUE), established by the Western Interstate Commission for Higher Education (WICHE) in 1988. Over time, the number of states participating at some level has grown to include 14 of the 15 WICHE states. In 1989, the Oregon State Board of Higher Education approved entry of Oregon University System (OUS) institutions in the WUE program.

The goals of WUE are to increase student access and choice while enhancing the efficient use of educational resources among the western states. The basic assumptions underlying WUE are (1) that most institutions have some programs that can accommodate additional students at little or no additional cost, and (2) that additional nonresident students can be attracted to those programs by offering a tuition discount.

The Board guidelines for OUS participation in WUE provide that:

$ A WUE program must be able to accommodate a limited number of additional students without requiring additional resources;

$ WUE admissions must be on a space-available basis and limited to the programs approved for WUE participation by the OUS Office of Academic Affairs;

$ Nonresident students previously or currently enrolled at OUS institutions will not be allowed to convert to WUE status;

$ WUE students who change majors to a non-WUE program will lose their WUE status;

$ WUE students enrolled in accordance with the aforementioned guidelines shall continue to be eligible for the WUE tuition rate for the duration of their undergraduate academic program, even if that program is removed from the approved list; and

$ Institutions participating in WUE are required to provide an annual report to the OUS Office of Academic Affairs reflecting the number of WUE students enrolled by program, together with the students’ states of origin.

It is WICHE policy that nonresident WUE students pay 150 percent of resident tuition if they apply and are admitted to one of the designated WUE programs. WUE tuition is substantially less than nonresident tuition at institutions in all participating states.

Since its inception, total WUE enrollment at four-year universities in all participating states has grown to more than 14,000 students. Last year (2002-03), 1,179 Oregon
residents participated in the WUE program, and Oregon institutions received 1,389 WUE students, a slight increase of 49 students from 2002-03. This is the fourth consecutive year that Oregon experienced a net gain (i.e., more WUE students coming to Oregon than leaving the state). However, OUS institutions have exercised restraint on increasing WUE students, since limited state funds are reserved for per WUE student FTE support. It is interesting to note that 137 of Oregon’s outgoing students attended two-year institutions.

Each state determines its level of participation and sets limits, if any, on numbers of students received. Each state also determines which programs are available and any conditions.

In keeping with the OUS practice of local campus administration of this program, Oregon State University (OSU) has chosen to end its participation in WUE. Students entering OSU in 2002-03 were the last class to be offered a WUE discount. OSU’s decision to end its participation was based on the negative fiscal impact that receiving only 150 percent of resident tuition was having on its campus.

Idaho and Nevada continue to receive the most students (197 and 258 respectively in 2002-03) from Oregon. Other states receiving significant numbers of Oregon residents are Hawaii (133), Washington (106), Colorado (97) and Arizona (88). Overall, Nevada continues to receive the most WUE students (2,608) from all participating states; New Mexico receives the least (55).

Oregon receives students most frequently from Washington (398), Hawaii (290), Alaska (280), and Idaho (100). The total number of WUE students in OUS (1,389) represents a 33 percent increase from 1998-99.

(No Board action required.)
Table 1
Students from WUE States Enrolled at Oregon Institutions: A Ten-Year Perspective

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>OIT</td>
<td>58</td>
<td>67</td>
<td>70</td>
<td>55</td>
<td>54</td>
<td>102</td>
<td>90</td>
<td>79</td>
<td>61</td>
<td>57</td>
</tr>
<tr>
<td>OSU</td>
<td>46</td>
<td>79</td>
<td>112</td>
<td>180</td>
<td>265</td>
<td>329</td>
<td>385</td>
<td>333</td>
<td>255</td>
<td>186</td>
</tr>
<tr>
<td>PSU</td>
<td>2</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>19</td>
<td>45</td>
<td>123</td>
<td>295</td>
<td>480</td>
</tr>
<tr>
<td>SOU</td>
<td>37</td>
<td>34</td>
<td>66</td>
<td>87</td>
<td>174</td>
<td>253</td>
<td>389</td>
<td>360</td>
<td>413</td>
<td>379</td>
</tr>
<tr>
<td>UO</td>
<td>52</td>
<td>84</td>
<td>56</td>
<td>63</td>
<td>43</td>
<td>20</td>
<td>56</td>
<td>86</td>
<td>128</td>
<td>155</td>
</tr>
<tr>
<td>WOU</td>
<td>0</td>
<td>2</td>
<td>3</td>
<td>3</td>
<td>32</td>
<td>60</td>
<td>78</td>
<td>148</td>
<td>187</td>
<td>132</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>195</strong></td>
<td><strong>271</strong></td>
<td><strong>313</strong></td>
<td><strong>395</strong></td>
<td><strong>576</strong></td>
<td><strong>783</strong></td>
<td><strong>1,043</strong></td>
<td><strong>1,129</strong></td>
<td><strong>1,339</strong></td>
<td><strong>1,389</strong></td>
</tr>
<tr>
<td>% Change</td>
<td>25%</td>
<td>39%</td>
<td>15%</td>
<td>26%</td>
<td>46%</td>
<td>36%</td>
<td>33%</td>
<td>8%</td>
<td>19%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Note: EOU does not participate in the WUE program.
## Table 2
Oregon Students Enrolled at Institutions in WUE States: A Ten Year Perspective

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Alaska</td>
<td>27</td>
<td>25</td>
<td>34</td>
<td>14</td>
<td>13</td>
<td>12</td>
<td>21</td>
<td>23</td>
<td>22</td>
<td>29</td>
</tr>
<tr>
<td>Arizona</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>5</td>
<td>13</td>
<td>49</td>
<td>30</td>
</tr>
<tr>
<td>California</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Colorado</td>
<td>28</td>
<td>39</td>
<td>50</td>
<td>55</td>
<td>57</td>
<td>63</td>
<td>66</td>
<td>78</td>
<td>89</td>
<td>85</td>
</tr>
<tr>
<td>Hawaii</td>
<td>3</td>
<td>6</td>
<td>4</td>
<td>11</td>
<td>21</td>
<td>31</td>
<td>51</td>
<td>47</td>
<td>116</td>
<td>133</td>
</tr>
<tr>
<td>Idaho</td>
<td>305</td>
<td>327</td>
<td>288</td>
<td>226</td>
<td>223</td>
<td>298</td>
<td>286</td>
<td>265</td>
<td>239</td>
<td>280</td>
</tr>
<tr>
<td>Montana</td>
<td>269</td>
<td>215</td>
<td>140</td>
<td>114</td>
<td>87</td>
<td>101</td>
<td>106</td>
<td>106</td>
<td>108</td>
<td>71</td>
</tr>
<tr>
<td>Nevada</td>
<td>62</td>
<td>73</td>
<td>135</td>
<td>163</td>
<td>201</td>
<td>185</td>
<td>211</td>
<td>264</td>
<td>260</td>
<td>252</td>
</tr>
<tr>
<td>New Mexico</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>North Dakota</td>
<td>16</td>
<td>37</td>
<td>34</td>
<td>29</td>
<td>33</td>
<td>37</td>
<td>58</td>
<td>61</td>
<td>68</td>
<td>69</td>
</tr>
<tr>
<td>South Dakota</td>
<td>12</td>
<td>12</td>
<td>17</td>
<td>19</td>
<td>21</td>
<td>26</td>
<td>16</td>
<td>16</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Utah</td>
<td>20</td>
<td>32</td>
<td>31</td>
<td>34</td>
<td>46</td>
<td>48</td>
<td>46</td>
<td>34</td>
<td>54</td>
<td>52</td>
</tr>
<tr>
<td>Washington</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>N/a</td>
<td>21</td>
<td>47</td>
<td>60</td>
<td>90</td>
<td>106</td>
</tr>
<tr>
<td>Wyoming</td>
<td>17</td>
<td>13</td>
<td>27</td>
<td>20</td>
<td>24</td>
<td>39</td>
<td>34</td>
<td>20</td>
<td>29</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>765</strong></td>
<td><strong>784</strong></td>
<td><strong>764</strong></td>
<td><strong>689</strong></td>
<td><strong>730</strong></td>
<td><strong>867</strong></td>
<td><strong>950</strong></td>
<td><strong>993</strong></td>
<td><strong>1,139</strong></td>
<td><strong>1,139</strong></td>
</tr>
</tbody>
</table>

% Change

| %     | 20%     | 25%     | <3%>    | <10%>   | 6%      | 19%     | 10%     | 4%      | 15%     | 4%      |

Amendment to OAR 580-040-0040, Academic Year Fee Book, 2003-04

Executive Summary

Overview
In April 2003, the Board approved proposed tuition plans submitted by the institutions for academic years 2003-04 and 2004-05. The 2003-04 tuition proposals submitted to the Board in April for the various student categories varied widely by institution. Tuition increases for 2003-04 were measured against the annualized 2002-03, spring term tuition with the tuition surcharges. Resident undergraduate rate increases ranged from 0-8 percent; non-resident undergraduate rate increases ranged from 0-16 percent; resident graduate rate increases ranged from 3-16 percent; and non-resident graduate rate increases ranged from 0-30 percent.

Additionally, institutions reported that they were considering alternative ranges to the tuition plateau. Historically, students have paid the same tuition as undergraduates from 12-18 credit hours and as graduates from 9-16 credit hours. With UO gaining approval to compress the plateau in 2002-03, other institutions are proposing similar changes.

In developing the proposal for each tuition rate, campuses had to evaluate their financial conditions in light of several considerations including: 2001-2003 reductions; funding a four 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.

The tuition and fee proposals in this recommendation are based on the Governor’s Balanced Budget (GBB) issued in January 2003 reduced by four percent for a “rainy day fund”. At this time the legislature has not finalized the state budget for the 2003-05 biennium, and the amount of the final OUS budget for 2003-04 is uncertain.

The Co-Chairs of the Ways and Means Committee have proposed a budget for OUS that would reduce the Governor’s Balanced Budget by 11.5 percent and the Governor issued a revised budget in April that is very close to the GBB, less four percent. In addition, the Ways and Means Education Sub-Committee has indicated that the legislature will establish expectations for OUS regarding the levels of increase for tuition, fees, and fee remissions for the University System.

Due to the high level of uncertainty regarding the final 2003-05 budget, it is possible that additional changes will be needed in tuition and fees for the 2003-04 academic year. If further changes are required when legislative decisions have been finalized, staff will propose an additional administrative rule amendment to the Board in the fall.
Proposed Tuition Plateau Changes
All institutions of the Oregon University System proposed changes to the tuition structure that are included in the 2003-04 Draft Fee Book. These changes are in three broad forms: compressing the traditional tuition plateau (OIT, SOU, WOU); replacing the plateau with a straight per credit hour tuition (EOU, PSU); and, implementing a modified per credit structure with a lesser per credit hour increment within a specified range of credit hours (OSU, UO).

The effect of the changes in tuition structure will be to: 1) begin to equalize tuition charges per credit hour between part-time and full-time students, and 2) increase tuition costs for full-time students who enroll for more than 12 credit hours. For resident students enrolled for 12 credit hours, proposed tuition rates changes will range from –2.2 to +8.0 percent. For students enrolled 15 credits hours, proposed increases in tuition range from 3.4 to 27.2 percent.

In response to concerns raised by student representatives in recent discussions regarding the plateau changes, the Chancellor and institution presidents are proposing to defer implementation of the changes in tuition structure contained in the 2003-04 Draft Fee Book until January 2004. It is the intent of the institutions to further modify the tuition plateaus in the future at their own pace, if deemed necessary, based on overall financial and enrollment planning at each institution.

The plateau changes as currently proposed in the Draft Fee Book would be effective beginning winter term of the 2003-04 academic year. All other changes in tuition rates, fee schedules, and housing rates would become effective for fall term 2003.

A memo explaining the 2003 fall term tuition rate transition proposal and tables detailing full-time tuition and fees for fall term at each institution is included in the packet. If approved by the Board, staff will add this information to a new section in the 2003-04 Fee Book on fall term tuition and fees.

Public Hearing on Academic Year Fee Book
A public hearing on the 2003-04 Academic Year Fee Book was held Tuesday, June 17, 2003, from 10:00 a.m. to 11:00 a.m., in Room 358 of Susan Campbell Hall, on the University of Oregon campus. No written or oral testimony was presented at that time on any of the proposed changes outlined in the material above.

An additional public hearing was held on Thursday, June 26, 2003, from 10:00 a.m. to 11:00 a.m., in Room 358 of Susan Campbell Hall, on the University of Oregon campus to provide an opportunity for further comment. Approximately 25 students attended the public hearing. Oral and written testimony was presented at that time on the proposed changes outlined in the material above, and a summary of the testimony can be found in Appendix “G”.
Fee Proposals Review
The various fee proposals submitted by each institution undergo a review by the Chancellor's staff to assure that the proposals comply with related statutes and Board policy. The staff has reviewed each proposed fee for the 2003-04 academic year and recommends Board approval based on the current budget assumptions and the proposal to defer changes in tuition structure until winter term. The various tuition and fee proposals for each campus are noted in the detail section of this document.

Staff Recommendation to the Board
Staff recommends that the Board amend OAR 580-040-0040 as follows: (Underlined material is added; [brackets] denote deletions.)

OAR 580-040-0040 Academic Year Fee Book
The document entitled Academic Year Fee Book, dated July 18, 2003 [July 19, 2002] is hereby amended by reference as a permanent rule. All prior adoptions of academic year fee documents are hereby repealed except as to rights and obligations previously acquired or incurred there under.

Through the amendment, the Board adopts the document entitled Academic Year Fee Book, the memo of attachment amending the draft document, and attached schedules noted in this agenda item. The Chancellor will be permitted to authorize minor clerical adjustments to the final document, if necessary.

The effect of Board action will be:

    Fall Term 2003—Adoption of the tuition rates outlined in the Memo of Amendment (without changes in tuition plateaus) and adoption of the fee schedules, part-time tuition rates, and housing rates as contained in the Draft 2003-04 Fee Book.

    Winter and Spring Terms 2004—Adoption of all tuition, fees, and housing rates contained in the Draft 2003-04 Fee Book, including the changes in tuition rate structure.

(For a more detailed background and summary, see Appendix “F”).

(Board action required. Roll call vote.)
Reappointment of Philip Conn as President of Western Oregon University

Summary
In June of 2002, Philip Conn was appointed by the State Board of Higher Education as President of Western Oregon University for a period of two years effective July 31, 2002 to expire July 30, 2004. The Chancellor recommends extending the contract to July 30, 2005.

Staff Recommendation to the Board
Staff recommends the Board approve the reappointment of Philip Conn as President of WOU through July 30, 2005.

(Board action required.)
Ratification of ETIC Proposals Approved by the Executive Committee

DOCKET ITEM (from the June 24, 2003, Executive Committee meeting)

Summary
In response to the addition of $20 million in Lottery bonds for the Engineering & Technology Industry Council (ETIC) through the Governor’s revised budget, representatives from the seven Oregon University System campuses and the OGI School of Science and Engineering at OHSU have submitted proposals for review by ETIC. The Council’s voting members met on June 18, 2003, and reviewed the proposals. Based on this review, the proposals were updated by the participating institutions. The updated proposals have received unanimous endorsement from the Council members who participated in the review.

The total proposed capital investment from Lottery bonds is $20 million as summarized below. The combined effect of these investments will be to create a substantial increase in Oregon’s ability to increase the number of graduates of its engineering and computer science programs, as well as the ability to increase the national ranking of these programs and the quality of the research and graduates they produce.

<table>
<thead>
<tr>
<th>$M</th>
<th>Bond Allocation</th>
<th>Expected Private Support</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>$0.30</td>
<td>$0.03</td>
<td>$0.33</td>
</tr>
<tr>
<td>OGI</td>
<td>$2.10</td>
<td>$0.86</td>
<td>$2.96</td>
</tr>
<tr>
<td>OIT</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>OSU</td>
<td>$8.45</td>
<td>$8.45</td>
<td>$16.90</td>
</tr>
<tr>
<td>PSU</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>SOU</td>
<td>$0.66</td>
<td>$0.30</td>
<td>$0.96</td>
</tr>
<tr>
<td>UO</td>
<td>$2.40</td>
<td>$2.40</td>
<td>$4.80</td>
</tr>
<tr>
<td>WOU</td>
<td>$0.09</td>
<td>$0.03</td>
<td>$0.12</td>
</tr>
<tr>
<td>Total</td>
<td>$20.00</td>
<td>$18.07</td>
<td>$38.07</td>
</tr>
</tbody>
</table>
### Table 2. Proposed use of Lottery Bond Funds

<table>
<thead>
<tr>
<th>$M</th>
<th>New facilities</th>
<th>Improvements to facilities</th>
<th>Laboratory equipment</th>
<th>Other equipment</th>
<th>Other capital investment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU $0.10</td>
<td>$0.08</td>
<td>$0.08</td>
<td>-</td>
<td>$0.05</td>
<td>$0.30</td>
<td></td>
</tr>
<tr>
<td>OGI $1.75</td>
<td>-</td>
<td>$0.34</td>
<td>$0.01</td>
<td>-</td>
<td>$2.10</td>
<td></td>
</tr>
<tr>
<td>OIT $ -</td>
<td>$0.14</td>
<td>$0.21</td>
<td>-</td>
<td>$0.66</td>
<td>$1.00</td>
<td></td>
</tr>
<tr>
<td>OSU $ -</td>
<td>$6.08</td>
<td>$2.27</td>
<td>$0.10</td>
<td>-</td>
<td>$8.45</td>
<td></td>
</tr>
<tr>
<td>PSU $5.00</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$5.00</td>
<td></td>
</tr>
<tr>
<td>SOU $ -</td>
<td>$0.15</td>
<td>-</td>
<td>$0.16</td>
<td>$0.35</td>
<td>$0.66</td>
<td></td>
</tr>
<tr>
<td>UO $ -</td>
<td>$1.23</td>
<td>$1.18</td>
<td>-</td>
<td>-</td>
<td>$2.40</td>
<td></td>
</tr>
<tr>
<td>WOU $ -</td>
<td>$0.01</td>
<td>$0.05</td>
<td>$0.03</td>
<td>-</td>
<td>$0.09</td>
<td></td>
</tr>
<tr>
<td>Total $6.85</td>
<td>$7.68</td>
<td>$4.12</td>
<td>$0.29</td>
<td>$1.06</td>
<td>$20.00</td>
<td></td>
</tr>
</tbody>
</table>

Attached are the eight proposal summaries for:

- Eastern Oregon University
- OGI School of Science & Engineering/OHSU
- Oregon Institute of Technology
- Oregon State University
- Portland State University
- Southern Oregon University
- University of Oregon
- Western Oregon University
Eastern Oregon University
$300,000 bond investment
$30,000 private support

Summary of Proposal:
The long-term viability of EOU’s Computer Science and Multimedia (CS/MM) degree programs stand at risk as a result of limited faculty, limited faculty support, and aging and undersized laboratory facilities. Thus, this proposal represents high priority funding for maintaining and expanding the CS/MM degree programs. As part of EOU’s overall ETIC investment plan, the intent is to hire new faculty so that a wider variety of courses may be offered and important electives may be offered more frequently. Also, EOU plans to expand faculty support so that faculty will be freed from maintenance responsibilities and security of lab facilities. To maximize the results from the strategic personnel expansions, EOU must upgrade plant and equipment.

Specific capital investment proposals include the following:

- Programming lab includes 16 Linux workstations in a small room.
- Multimedia lab shared with the art department and equipped with 16 Macintosh computers of various vintages.
- New teaching/learning lab and smart classroom for course sections accommodating 20 to 25 students in a new campus building.
- Facilitates classroom demonstrations and enhances communication of abstract topics.
- Enhances capabilities to demonstrate the use of high technology in K-12 education for teacher education programs. Development of a curriculum in computer education and educational technology will provide educators graduating from EOU with knowledge and skills to appropriately use technology in their classrooms.

EOU has worked diligently to respond to the needs of the Oregon employer market and the goals of the legislature, the Governor, State Board, and Oregon taxpayers to develop a high technology field of study in eastern Oregon. However, the ability to capitalize on the above success is hampered by two major limiting factors. First, current faculty size limits the frequency of critical course offerings and seriously limits the number of electives available. Second, aging facilities and outdated equipment reduce the attractiveness of EOU to prospective faculty and students in this highly competitive field. Existing outdated and undersized labs, combined with the lack of a pool of startup funds for faculty to invest in plant and equipment, threaten the long run viability of EOU’s high tech programs. As a result, fewer students currently select EOU as their choice for CS/MM study and some existing students leave EOU to complete their degree plans or change to a different major.
OGI School of Science & Engineering / OHSU
$2,100,000 bond investment
$860,000 private support

Summary of Proposal:
OGI/OHSU requests capital bond funds to support the build-out of the Bronson Creek Building on the OGI/OHSU West Campus and to provide instructional and laboratory equipment for that building. Build-out of Bronson Creek will allow OGI to house, in a single location, the newly merged faculty, graduate students, and curricula in computer science, computer engineering, and electrical engineering. Adding classrooms and upgrading instructional laboratories will increase OGI’s ability to deliver high quality instruction to larger numbers of students at the M.S. and Ph.D. levels in computer science, computer engineering, and electrical engineering.

Funding of this proposal will allow OGI to increase both the quantity and quality of well-trained graduate students in computer science and electrical engineering and to thus produce highly valued employees for Oregon industries (68% of OGI alumni are employed in the local region). It is well known that physical proximity facilitates collaboration and that adequate facilities enhance the quality of instruction and research as well as the ability to recruit additional students and faculty members.

In computer science and electrical engineering, as in other disciplines, the ability to attract high quality graduate students and faculty members, and to deliver highly valued educational programs is based on the strength of the research programs. The Computer Science and Engineering Department at OGI currently ranks 16th in the nation in federal research funding. Most of those funds support Ph.D. students and their faculty advisors. In the most recent academic year for which data are available (2001-02), OGI produced more graduate degrees in computer science and electrical engineering than any other school in Oregon: 59 of 140 (42%) and 33 of 85 (39%) respectively. Strategic plans for OGI call for adding 5 to 10 additional faculty members in computer science, computer engineering, and electrical engineering during the next five years, increasing the graduate student population at 5% per year for each of the next five years, and increasing the level of research funding and numbers of graduates correspondingly. The requested funds will provide the facilities needed to achieve these goals.

Specific results of this proposed investment will be the addition of two new classrooms (one auditorium-style, one instructional style), two new student computing laboratories, a new data center, and new offices and workspaces for graduate students and faculty members in the newly-acquired Bronson Creek building at OGI/OHSU. These enhanced facilities will allow OGI/OHSU to improve its research-based graduate education programs in computer science, computer engineering, and electrical engineering and to attract additional high-quality graduate students and faculty.
Oregon Institute of Technology
$1,000,000 bond investment
$1,000,000 private support

Summary of Proposal:
The Oregon Renewable Energy Center (OREC) has accomplished several objectives in curriculum development, creative applied research projects, and the development of partnerships with private and public entities. In order to continue progress toward regional and national recognition, laboratory and facility enhancements are extremely important. Improvements in electronic capabilities in classrooms and laboratories made possible by broadband access will impact instructional and research goals.

Funding of this proposal would allow OIT to:

- Build a new education/training facility for renewable energy technologies to support academic courses, training courses, and on-site training certifications as well as applied research in renewable energy systems.
- Expand laboratory capabilities to support innovative applied research projects in renewable energy systems.
- Collaborate with Clackamas Community College to deliver academic programs in renewable energy at the Wilsonville Training Center and to serve the work force training needs of industry in renewable energy.
- Develop the capital infrastructure to electronically deliver engineering and technology courses that will enhance OIT’s ability to double student credit hours.
- The Oregon Renewable Energy Center will deliver academic courses on the web in support of new baccalaureate degree programs in renewable energy.
- Business and industry training courses will be developed for local and electronic delivery in renewable energy technologies.

The funding will enable OREC to fulfill its vision of becoming a world-class applied research and education facility devoted to the rapidly expanding field of renewable energy. The capital investment requested will enable OREC to maximize the investments already made in laboratories and equipment, as well as support electronic delivery of courses in renewable energy for academic degree programs and training for business and industry. The requested funding will enhance the partnership between OIT and Clackamas Community College to deliver three OIT degree programs at the Wilsonville Training Center. A strong electronic connection between OIT/OREC and Wilsonville will substantially strengthen these program offerings. The funding will also strengthen OREC’s emerging applied research program in terms of expansion and improvements in laboratory facilities and through broadband connectivity between OREC and other research centers. Finally, investments in electronic delivery capabilities will support the expansion of other academic degree programs in engineering, engineering technology, and information technology.
**Summary of Proposal:**
OSU’s capital investment proposal complements the main OSU Engineering proposal submitted through ETIC for the 2003-2005 biennium. It incorporates those capital items that will help close the gap in resources needed to meet the two goals of that proposal: to build a top-25 engineering college that delivers the people, ideas, and innovation needed to power Oregon’s knowledge economy and help fill the intellectual capital pipeline with pre-college Oregonians passionate about careers in engineering and technology.

- **Equipment startup for new faculty.** Although the amount of capital equipment required for this startup varies quite widely depending on the specific discipline, $70,000 to $75,000 per faculty member represents an approximate average, and we expect 15 to 20 new hires during the next biennium.

- **Major equipment acquisitions to further propel collaborative Research Clusters.** Research Clusters–Micro2nano, Analog/Mixed-Signal, Environmental Engineering, Kiewit Center/Tsunami Laboratory, Usability Engineering, and Large-Scale Thermal Hydraulics will be the focus for adding faculty and capability in the next biennium. There is a need to invest in several large equipment acquisitions to accelerate capability growth and leadership positions at the national level.

- **Renovations of selected space** for instructional classrooms and laboratories and offices to accommodate quality growth (Dearborn, Batchellor, and Covell Halls). With the enrollment increases OSU has been experiencing the last several years and that are projected to continue, there is a great need for productive classroom and laboratory space. There are a number of spaces in Batchellor, Dearborn, and Covell Halls that can become much more effective with remodeling.

- **Major Renovation of Gleeson Hall** to add capability to grow collaborative research and deliver quality learning experiences. This will produce a significant amount of quality infrastructure critical to attracting the people and delivering the results to achieve our goals. The total renovation is projected to cost more than $20 million. With $6.0 million public funds requested here, along with the private funds that can be raised, we feel that we can phase the project and modernize a major portion of the building at this time.

- **Mobile Laboratory.** Due to its statewide presence and strong credibility with rural 4-H Youth and adults, OSU has the opportunity to leverage its existing programs to infuse business and information technology (BIT) skills into the rural areas of Oregon. However, in these remote areas there is a lack of access to technology classrooms. A BIT Mobile laboratory would consist of a trailer containing a technology laboratory and a vehicle to pull it.
Portland State University
$5,000,000 bond investment
$5,000,000 private support

Summary of Proposal:
PSU will use the capital bonds as part of the $71 million budget for the construction of the Northwest Center for Engineering, Science and Technology (NWCEST). This facility is the top priority for the College of Engineering and Computer Science, for Portland State University, and enjoys support from the City’s government and business leaders, as well as the congressional delegation. Additionally, this project is a priority for the legislature, which authorized $26.5 million in State Article XIG bonds (the most ever for an OUS project) in 2001. All involved (key donors, government leaders, and industry executives) agree that the NWCEST is essential to the College meeting its goals to serve more students and build national distinction. The building will support faculty research, which is directly linked to economic growth for business and industry; serve as a magnet for business development, and provide incubator space for emerging technology companies; and promote sustainable economic vitality through the expanded partnerships and collaborations with industry and OHSU.

A focus of the College of Engineering and Computer Science is to build spires of excellence in areas directly related to the region’s economy. This building is key to furthering those goals. For example, it will house the Northwest Photovoltaic Technology Center, Biomechanics Research Center, Intelligent Transportation Systems Laboratory, Surface Quality Modeling Center, and Electronic Packaging Center. The links between engineering and science faculty in the currently identified signature research center – Multiscale Materials and Devices – will also be strengthened. Industry and the legislature, including the Oregon Council for Knowledge and Economic Development (OCKED), have identified the need for this research center and the NWCEST will leverage more research and physical space at PSU to support this effort.

This project will support PSU’s plan to double the number of engineering graduates by 2010. It will also expand research funding bringing new dollars to the state and stimulating the economy through employment. Furthermore, it will create jobs beyond the walls of the University and not just those associated with faculty and research employment. For example, we estimate that the total construction jobs created by this project will be about 350 full-time equivalent jobs and that this will be a 14-month construction project. Our goal is to have the building in place for student use in Fall 2005.
Southern Oregon University
$660,000 ETIC bond investment
$300,000 private support

Summary of Proposal:
SOU will use the capital funds to support the creation of a Center of Academic Excellence in Information Assurance Education and to establish a materials research facility at Southern Oregon University in support of the joint materials science Bachelor's degree with the University of Oregon. The additional investments will make the $40 million projects more effective by improving excellence and laboratory capacity in Materials Science and Information Assurance, thus increasing both the quality and quantity of our graduates.

This past academic year, Southern Oregon University has developed, implemented, and presented a complete undergraduate curriculum in Computer Security and Information Assurance. This program is one of the few undergraduate programs of its kind in the United States. At a recent meeting of the National Colloquium for Information Systems Security Education in Washington, D.C., we were strongly encouraged to apply for National Security Agency certification as a Center of Academic Excellence in Information Assurance Education. As a result, we are applying for NSA’s certification this year and are creating a Center for Information and Infrastructure Assurance Education. Improvement is needed in three areas: 1) faculty and student research, 2) teaching and laboratory facilities, and 3) library holdings in computer security and information assurance. The major challenge to promoting research and development in computer security and information assurance is lack of appropriate facilities. Therefore, we submit this proposal for CSIA laboratory and facility improvement in order to enhance our new program and attain NSA certification.

The proposed capital investment will also develop a materials research facility at SOU. The facility is intended to provide state-of-the-art materials research to the University; to train our students, especially those in pre-engineering and in the proposed Materials Science option; and to serve the regional industrial needs in Materials research and analysis. The facility will act as a focal point for recruiting, retaining, and producing students in engineering and other physical sciences. It will improve the research capability of SOU, provide additional training for our students, and improve the national ranking and reputation of SOU. The requested deposition system, AFM, XRD, and ICP will be the only unit of its kind within a 180-mile radius of SOU. Together with our existing equipment (NMR, TGA, FTIR, DSC, etc.), this facility will attract local industry collaborations in applied research and placement opportunities for our graduates and serve as a major recruiting point for students interested in the engineering and science who like to reside in the southern Oregon region.
University of Oregon (Material Science Institute)
$2,400,000 bond investment
$2,400,000 private support

Summary of Proposal:
Capital funds will be used to renovate laboratory space for new UO faculty and to provide matching funds for federal equipment proposals for materials characterization equipment. An ETIC capital investment would greatly facilitate the Materials Science Institute’s (MSI) achieving the aggressive goals outlined for it in the ETIC program budget for the upcoming biennium.

The long-term plan put forward by MSI to the University is to build a new 125,000 sq. ft. Integrative Science Building intimately connected to the existing science complex. This building would house our existing Center for Advanced Materials Characterization in Oregon (CAMCOR) facilities, a proposed nanofabrication facility, pre-incubator space for start-up companies, space for visiting faculty from OSU, PSU, and Pacific Northwest National Laboratory (PNNL), and space for approximately 25 faculty conducting materials and nanoscience research. The faculty would not be grouped by department, but organized into collaborative clusters to further spur interactions between the participants. It is estimated that this building will cost in the neighborhood of $50 million and will require at least several years of private fundraising to provide the required matching funds for proposed state bonds.

The equipment acquisition plans focus on the characterization and fabrication of new and existing materials. Upgrades of the current electron microprobe, scanning electron microscope, and electron beam writing facilities are planned along with the acquisition of several additional scanning probe microscopes that utilize different excitation and detection mechanisms.

The requested capital funds for renovation and equipment will continue the momentum of the MSI as it strives to enhance its national reputation as a top-tier materials program noted for its research excellence and impact, its innovative degree and graduate internship programs, and the quality and diversity of its graduate students. MSI’s graduates tend to remain in the Northwest, either working for Oregon industry or teaching in colleges or universities. The funds will also provide additional laboratory space and facilities enabling MSI to significantly increase the number of graduate students working towards a Ph.D. degree, perhaps by as much as 20 percent.
Western Oregon University
$90,000 bond investment
$30,000 private support

Summary of Proposal:
A particular challenge to the Computer Science departments in days of shrinking
budgets is maintaining up-to-date hardware for both faculty use and student labs. This
proposal has two components. The first is to upgrade aging hardware for faculty use
and the second is to build a network laboratory. For these two components, WOU is
submitting a proposal for $90,000 for the biennium.

Upgrading the hardware for faculty includes a rotation to replace desk machines and
rewiring the network infrastructure of the third floor of the Instructional Technology
Center (ITC), which houses the Computer Science division. In addition, it includes
renewal of site licenses for software that are used in programming classes, a new, more
reliable mail and web server for the department (cs.wou.edu), a new printer for the
department, and covering the increased cost of monthly connection fees that will be
assessed by University Computing Services for the rewiring.

There has been an ad hoc networking lab for several years. It is time to put together a
more comprehensive facility that can handle an increase in students. As the Information
Systems major grows in numbers, we find there are quarters where a networking class
(IS major), a server administration class (IS major), and a parallel programming class
(CS major) are competing for use of the same few machines. Developing the
networking lab is driven also by a recent faculty hire whose area of expertise is
networking and brings to us several years of industry experience in this area. Included
in this component is the purchase of kits for small classroom Cisco labs, additional
machines, cabling, and some additional furniture such as chairs, workbenches and
server racks for the room.

The Information Systems major is growing rapidly. This major contains several classes
related to server or database administration, and these classes require a lab containing
machines with which students can experiment and over which they can have
administrative rights. In addition, we have expanded our networking classes over the
last three years. The quality of these classes increases if the students can have hands-
on experience. We expect that the additional machines will allow us to continue to
increase the number of students in these classes and to enhance the educational
experience that these students have in these classes. Finally, we are not a Unix-based
campus, but with the advent of Linux and, as more of our students express an interest
in graduate school, we find we need to bring back our introductory Unix class, which
went away along with our Sequent Balance three years ago. The additional machines
will allow WOU to dedicate some to Linux.
### Oregon State Board of Higher Education

#### Minutes

<table>
<thead>
<tr>
<th>Meeting Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular Board Meeting, May 16, 2003</td>
<td>94</td>
</tr>
<tr>
<td>Special Board Meeting, June 4, 2003</td>
<td>106</td>
</tr>
<tr>
<td>Special Board Meeting, June 5, 2003</td>
<td>107</td>
</tr>
<tr>
<td>Investment Committee Meeting, September 19, 2002</td>
<td>109</td>
</tr>
<tr>
<td>Budget and Finance Committee Meeting, May 15, 2003</td>
<td>112</td>
</tr>
<tr>
<td>System Strategic Planning Committee Meeting, May 15, 2003</td>
<td>123</td>
</tr>
<tr>
<td>Executive Committee Meeting, June 24, 2003</td>
<td>135</td>
</tr>
</tbody>
</table>

_July 18, 2003_

_Oregon State Board of Higher Education_
1. **CALL TO ORDER/ROLL CALL**

President Lussier called the meeting of the State Board of Higher Education to order at 7:37 a.m.

On roll call, the following Board members answered present:

- Kerry Barnett
- Roger Bassett
- Leslie Lehmann (arrived at 7:43 a.m.)
- Geri Richmond
- Don VanLuvanee
- Erin Watari
- Phyllis Wustenberg
- Jim Lussier
- Tim Young

Absent: Tom Imeson (business conflict) and Bill Williams (business 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), Bill Danley (IFS), Martha Anne Dow (OIT), Lesley Hallick (OHSU), Dixie Lund (EOU), Maddy Melton (OSA), John Moseley (UO), 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**

- **April 18, 2003, Board Meeting Minutes**

The Board dispensed with the reading of the April 18, 2003, regular Board meeting minutes. Director Wustenberg moved and Director VanLuvanee seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

3. **BOARD PRESIDENT’S REPORT**

President Lussier welcomed the Board to the North Willamette Research and Extension Center and invited people to remain following the meeting to tour the facilities. He indicated that the evening before there had been a celebration of the service of President and Mrs. Phil Creighton. He observed that watching Salem and waiting for the
Board Meeting #718—Minutes

May 16, 2003

revenue forecast to be released seem to be high on everyone’s list of priorities. “Obviously things aren’t getting better very fast. In fact, they are going the other direction. We’ll keep monitoring these things and support the staff as we and they work through the various projections and budget shortfalls and the impact on the System,” he concluded.

4. **CHANCELLOR’S REPORT**

Chancellor Jarvis thanked the presidents, members of the Oregon Student Association, and staff who have been working long and hard in Salem. “I think that we are getting the message out,” the Chancellor observed.

He reported on how gratifying it had been to attend the graduation ceremony of the Portland Teachers Program. “This is just a truly extraordinary program that links (the) community and PCC (Portland Community College) and Portland State University in the recruitment of teachers,” he explained.

*Presidents’ Reports*

Portland State University President Dan Bernstine reported that faculty member Jun Jiao, an expert in nanoscience, testified before the U.S. Senate Committee on Commerce, Science, and Transportation at the invitation of Senator Wyden. Next week PSU will receive a Top Ten Gross Award from the Portland Business Alliance.

President Tim White reported that Ms. Myrlie Evers-Williams, the wife of the slain civil rights leader Medgar Evers, was on the Oregon State University campus to participate in an agreement between OSU-Cascades Campus and the Medgar Evers Institute. The purposes are to create a cooperative venture to support scholarship; to develop the scholars and issues of social justice and racial equality; and to provide for a student internship experience. OSU signed a $5 million, five-year cooperative relationship with the National Oceanic and Atmospheric Administration (NOAA) related to remote satellite sensing for the climate. “This is the first time that NOAA has done a competitive award and for our faculty to be the recipients of it underscores the strength and the pride that we have in that program.”

President Zinser indicated that the students in the Master’s of Teaching program at Southern Oregon University were conducting a conference on the possibilities in education. Student body president Danielle McNeill was elected vice president of the Pacific Division of the U.S. Student Association; Professor Roger Christiansen was elected to the American Association for the Advancement of Science (AAAS) as the executive director for the Pacific region; and interim Provost Charles Lane has just been elected to membership in the Science, Engineering, and Education Council of the University Space Research Association.

President Philip Conn observed that the end of the school year is a good time for festivals, concerts, and theatrical productions and there have been a lot of them on the
Western Oregon University campus, including Latino Awareness Week and an annual dance concert consisting of three nights of programs. In sports, WOU has won three conference championships: the baseball team won the conference championship and is playing in advanced games; and both the men’s and women’s NCAA teams have won the track competition for the West Coast and have sent ten finalists to the national championships.

At Oregon Institute of Technology, President Dow reported that the track team won the Cascade NAIA conference championship and track coach Ken Coffman was chosen the Coach of the Year. OIT is celebrating the 50th anniversary of Radiologic Science at the institution. There will be national speakers from the health industry, tours of the museum of equipment that dates back 50 years, and other interesting events. Faculty member Rees Stuteville has just authored a textbook on magnetic imaging.

President Dixie Lund pointed out some very positive discussions occurring on the Eastern Oregon University campus at an all-day session called, “The Courage to Question.” She indicated that there appears to be a coming together on some very critical issues on the campus. Also, EOU will hold the fourth annual symposium that features student accomplishments; a type of competitive award for poster sessions where they conduct panel discussions and seminars. Dr. Mike Cannon has been named interim Dean of Distance Education. He has been directing the collaborative project through EOU, Blue Mountain Community College, and Treasure Valley Community College.

Provost Leslie Hallick said she was struck by the parallels in the conversations that the Board is having on access and those of Oregon Health and Science University’s Board. A large number of program closures have been announced and staff notifications will be distributed soon. “On the plus side, this has created an almost unprecedented set of discussions that the president has stimulated among the health systems in the Portland metropolitan area,” she continued. Research programs continue to grow and, at the end of April, were up 25 percent over the last year.

Provost John Moseley reported that James Ivory, director of Merchant Ivory Films, donated all of the papers from all of his films to the University of Oregon library. Mr. Ivory also met with students who have an interest in film. The annual Pioneer Awards dinner was held in Portland and this year’s Pioneer Award went to NBC Today Show news anchor Ann Curry, a graduate of the UO Journalism School and an Oregonian from Klamath Falls. President Frohnmayer, Vice President Davis, and Provost Moseley went around to classes and surprised several professors with the annual teaching awards.

5. **REPORTS**

   **IFS President**

Interinstitutional Faculty Senate President Bill Danley began his IFS report by referring to trends. He observed that the trend with regard to faculty salaries has been “terrible.
The trend is that my friends on OUS campuses are starting to leave, and students are starting to notice the higher tuition, program reductions, and the lack of faculty members. Morale among the faculty is at an all-time low and the situation is deteriorating even as we speak here today.”

On the positive side, Professor Danley indicated that, by supporting education in general and higher education in particular, Oregon can get back on its feet economically. He advocated for “a stable, broad-based, permanent tax structure that will fairly and predictably react to our changing needs without the constant crisis in revenue forecasts and impossible-to-balance budgets.” (The full text of the IFS report is on file in the Board’s office.)

OSA President

Maddy Melton, newly elected student body president at the University of Oregon and interim chair of the Oregon Student Association, addressed the Board on the Governor’s and Co-Chairs’ proposed budgets and the Board’s Statement on Commitment to Quality.

First, Ms. Melton reported a recent victory in the Co-Chair’s 2003-2005 budget. The Oregon Opportunity Grant was a priority in this budget; in the Governor’s budget, $2.8 million was added. These figures demonstrate a real victory for eligible students. A second program, the Student Childcare Block Grant, had not been funded in the fifth special session. OSA wants to be sure that the program is re-established so that when funding does come, they will be able to allocate to an established project.

On the Statement on Commitment to Quality, Ms. Melton reiterated remarks made previously by OSA representatives. “If the Board is going to draw a line on quality, we’d like a similar line drawn on access. It’s just as important to tell the public that our universities will remain quality institutions as it is equally important to tell the public that students that make the grades in high school will be able to attend a public institution in the state of Oregon, regardless of their economic status,” Ms. Melton underscored. (The text of the OSA report is available in the Board’s office.)

6. **SYSTEM STRATEGIC PLANNING COMMITTEE**

**ACTION ITEM**

a. **Board Statement on Commitment to Quality**

**DOCKET ITEM**

*Joint Boards of Education Commitment to Quality*

The link between enrollment and funding has a direct relationship to the quality of instruction offered by the public two-year and four-year colleges and universities in Oregon. In the absence of a state commitment to sustain quality in our postsecondary education systems, further declines in state funding will occur without regard to the quality of instruction offered.
By the 2003-04 fiscal year, both the State Board of Education and the State Board of Higher Education will implement policies setting maximum capacity levels of funded enrollment, based on and indexed to the level of state funding per full-time equivalent (FTE) student that existed for community colleges in 2001-02 and for OUS institutions for 2002-03.

The Joint Boards of Education are committed to the quality of the post-secondary educational experience and intend to demonstrate, through this funded enrollment level policy, that a “sustainable enrollment level” can be identified and must be tied directly to the funding allocated to public postsecondary education in any given fiscal period.

OUS Statement
In furtherance of its responsibility for Systemwide tuition policy in the Oregon University System, the State Board of Higher Education will assure that if a campus determines that it can enroll additional students beyond the limits of this enrollment-to-funding relationship—supported only by the tuition/fees of the enrollments—the institutions will take the necessary measures to assure that the quality of the student experience and the level of campus performance are maintained.

COMMITTEE DISCUSSION AND ACTION:
Chair Bassett indicated that the Board Statement on Commitment to Quality is a significant statement, both to the Board of Higher Education and to the Board of Education, which is expected to take action on the item as well. The Committee voted to recommend approval of the statement by the full Board.

When both Boards adopt the statement, it will become the major focus of a meeting of the Joint Boards with the Governor. It will also become a part of the OUS discussions with legislative leaders as work continues towards final budget recommendations. “We’re looking here for more than just numbers—we’re looking for an understanding that relates quality and budget and enrollments with the Governor and those legislative leaders as the session wraps up.”

Continuing, Director Bassett indicated that when the quality statement is adopted, it will “anchor our immediate future decisions on 2003-2005 funding allocations to this commitment on quality. We were reminded yesterday and again this morning, I think very effectively, that we need to find similar anchors for access and affordability and that until we have a balance both logically and in fact among those elements, then we really aren’t yet at the point where we have either stable or a sustainable interrelationship among these three very important variables in the equation.”

The Committee voted to approve the Statement on Quality and forward it to the Board for final approval.
BOARD DISCUSSION AND ACTION
Directors Wustenberg, Lussier, and Barnett stressed the importance of the Statement on Quality to make clear that there is an interrelationship between the various factors—quality, access, and affordability—and “we’re illuminating quality because it seems to be one of these areas needing some education. We’re not doing anything here to emphasize quality at the expense of access or affordability, but rather we are creating a balance and...a way of thinking about this,” Director Barnett explained. “The issues present themselves differently. The metrics are different,” he concluded.

President Lussier added that the “Board has a stewardship function of not only making higher education accessible, but then delivering on the promise that brought the students to the campuses—which is the quality component.”

Director Bassett moved and Director Lehmann seconded the motion to approve the SSP Committee recommendation that the Board adopt the Statement on Commitment to Quality.


CONSENT ITEM
a. Authorization to Award an Honorary Degree, SOU

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.

Southern Oregon University
Southern Oregon University requested authorization to award an honorary doctorate to Ben Tyran at its June 2003 Commencement ceremony.

Ben Tyran’s highly distinguished business career spans over 50 years. His educational preparation began at Ryder College where he earned a Bachelor’s in Business Education in 1944. He taught high school for a year before signing on with the Arabian American Oil Company to work in Saudi Arabia, New York, and San Francisco as an accountant, economic analyst, and marketing account executive. He returned to school, completing a Master’s in Business Administration at New York University in 1950, and soon thereafter pursued doctoral program coursework at American University.

After serving as a shipping industry analyst with the Labor Management Maritime Committee in Washington, D.C., Tyran moved to San Francisco where he served as general sales manager for the American Independent Oil Company. He moved on to
found the International Petroleum Supply Company, serving as president and chief executive officer. In 1962, Tyran joined Natomas, Inc., where he served as director and vice president in charge of developing oil activities. As his career continued to evolve, Tyran was increasingly sought out to assume positions of oil industry leadership. For example, he founded the Isle of Man Petroleum Ltd.; served as managing director of the West Indies Oil Company, and director of the Independent Indonesian American Petroleum Company. Finally, culminating a long career of executive entrepreneurship, Tyran became president and director of Natomas Canada, and director of Independent Petroleum Supply (Eastern, Tokyo, and Riyadh). For the decade that followed his retirement until the mid-1980s, Tyran actively consulted with Natomas and other companies and agencies on all aspects of the international oil industry.

Tyran's retirement has been characterized by dedicated service to Oregon, where he has long resided. At the state level, Tyran served as president of the Council for Economic Development in Oregon and accompanied more than one Governor’s trade missions to the Middle East and Japan. Locally, for many years he led the Economic Development Commission of Ashland, and later joined the board of Rogue Valley Manor.

Southern Oregon University has enjoyed a long-time relationship with Tyran. He was a member and then president of the foundation board from 1979-1983. Two endowments given to the School of Business for lectureships and scholarships, attest to his personal generosity. Tyran’s legacy also includes his visionary advocacy for Southern Oregon University’s full development as a distinctive university.

*Staff Recommendation to the System Strategic Planning Committee*

Staff recommend the Board authorize Southern Oregon University to award an honorary doctorate to Ben Tyran at its June 2003 Commencement ceremony.

**COMMITTEE DISCUSSION AND ACTION:**
The SSP Committee received additional information from Vice President Ron Bolstad. The Committee voted unanimously to approve the staff recommendation and forward it to the Board for similar action.

**BOARD DISCUSSION AND ACTION:**
President Zinser made a few additional comments on behalf of the request and indicated that Mr. Tyran had “made wonderful contributions to the state and to our university and has quite a distinguished business career that is very inspiring to students in all fields.”

Mr. Bassett moved and Mr. VanLuvanee seconded the motion to approve the Committee recommendation to permit SOU to award an honorary degree to Mr. Tyran at the June commencement exercises. Those voting in favor of the motion: Directors Barnett, Bassett, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.
7. **BUDGET AND FINANCE COMMITTEE**

President Lussier, reporting for Committee Chair VanLuvanee, summarized the discussions held at the Budget and Finance Committee meeting. The topics under discussion were: comparison between the Co-Chairs’ budget and the Governor’s budget, and topics around Oregon State University Extension Service. The Committee asked for periodic reports back to the Chancellor on those issues. Finally, the Committee talked about the connection between state funding, tuition levels, and enrollment levels. “Vice Chancellor Anderes gave a good analysis from a statistical or financial perspective on how those elements interrelate. He will move towards some modeling of the various factors, which I think will be very helpful in continuing to analyze the fluidity between all of the various factors and how we can measure them,” Chair Lussier concluded.

8. **FULL BOARD**  
**ACTION ITEMS**

a. **Report of Nominating Committee and Election of Officers**

Director VanLuvanee reported that the Nominating Committee had met and were prepared to make their report. Director VanLuvanee indicated that the Committee “felt that we have good leadership in place and with the trials and tribulations of the state government, it was unwise to propose any major changes in the slate of officers.”

The Committee recommended the following:
- President: Jim Lussier
- Vice President: Leslie Lehmann
- Executive Committee: Don VanLuvanee, Chair Budget and Finance Committee; Kerry Barnett, Vice Chair Budget and Finance Committee; Roger Bassett, Chair System Strategic Planning Committee; and Phyllis Wustenberg.

Director VanLuvanee moved and Director Young seconded the motion to approve the slate of officers. Those voting in favor: Directors Barnett, Bassett, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

b. **Affirmation of Presidential Search Procedures, OSU**

**DOCKET ITEM:**  
**Summary**

It is anticipated that in early June the Board will be conducting interviews with finalists for the position of president of Oregon State University. The Board was asked to affirm the principles, procedures, and criteria for selection established by the Board. Members of the public were provided further opportunity to comment on these procedures and criteria at the meeting of the Board of Higher Education.
Background
In accordance with ORS 192.660(1)(a)(D), to consider the employment of a public employee in executive session, the vacancy in that office must have been advertised; must have followed regularized procedures for hiring that have been adopted by the public body; and the standards, criteria, and public directives to be used in hiring the chief executive officer must have been adopted by the governing body in meetings where there has been an opportunity for public comment.

The conduct of the OSU presidential search has followed the Board’s Internal Management Directive 1.140 as well as The Presidential Search Process adopted by the Board in public session, re-affirmed at the time the Search Committee was appointed at the December 2002 meeting of the Board. The criteria for selection of the president are based on the Board’s Internal Management Directives 1.102, 1.103, and 1.120 and on the following advertised demonstrated qualities:

- Visionary leadership in a large, complex organization;
- Capacity to lead effectively in an environment characterized by collaboration and shared governance;
- Ability to work creatively in forming and nurturing strong partnerships with a wide variety of constituents within the institution including students, faculty, and staff and outside the institution including foundations, businesses, and political leaders;
- Commitment to multiculturalism and diversity in all aspects relevant to the OSU culture as well as achievement in affirmative action and equal educational and employment opportunities;
- Significant experience and achievement in securing resources and other important forms of support from external organizations and individuals; and,
- A record of a high level of commitment to the maintenance and enhancement of the unique environment of the university within which the development, study, testing, and communication of ideas can occur.

Applicants will have appropriate credentials with an earned doctorate or other appropriate terminal degree or extraordinary accomplishment in a field of teaching, research, and service in one of the major areas of endeavor at OSU.

Staff Recommendation to the Board
Staff recommended the Board affirm the principles, procedures, and criteria for selection of the president of Oregon State University as stated above.

BOARD DISCUSSION AND ACTION:
Mr. Ben Rawlins, OUS General Counsel, explained the purpose of the item. “There are limited items for which you (the Board) can go into executive session and one is the consideration of the credentials of a proposed executive officer of an institution. To do that, Attorney General interpretations have reaffirmed the fact that there needs to be the opportunity for public comment on the criteria and the method of selection that you will
use.” He explained that the Board had already, to a greater or lesser degree, acknowledged all aspects of principles, procedures, and criteria for selection of the president of Oregon State University, but the action today would reaffirm it, thus ensuring that the Board would be able to interview and evaluate the candidates for president in executive session.

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

9. Other Reports

   Joint Boards Working Group

Director Bassett reported that the Joint Boards Working Group (JBGW) continues to grow in its effectiveness. “It is an evolutionary process,” he said, “because it involves staff of three different agencies and members of two Boards.” He went on to explain why there hadn’t been a meeting of the full Joint Boards. “There is no such meeting planned in the immediate future. I draw your attention to the motion today that this Board was able to discuss and debate and decide this statement as did the other Board. (NOTE: this was in reference to the Joint Statement on Commitment to Quality.) That achieves the same decision result.”

   OHSU

In the absence of Director Imeson, OHSU Provost Hallick provided a report and indicated that this year OHSU is awarding an honorary degree to Dr. Haile Debas who is the retiring dean of the medical school at University of California at San Francisco and vice president of their health system.

   Oregon College Savings Plan

Director Lehmann reported that the Treasurer’s Office sent out a notice last week to the College Savings Plan Board indicating a milestone had been achieved. The assets in the Oregon College Savings Plan had achieved the $100 million mark.

   Oregon Council on Knowledge and Economic Development

There was no report from OCKED.

   OSU Presidential Search Committee

Director Barnett indicated that the search process was moving forward with visits of finalists anticipated during the first full week of June. This will include a special meeting of the Board to interview finalists.

   EOU Presidential Search Committee

Director Bassett reported that the EOU Search Committee had completed the organizational stages of the search process. He indicated that there would be campus and community forums in the coming weeks. Appreciation was expressed to President
Creighton, interim President Dixie Lund, and others on the campus for their dedication to getting the search off to a good start before the end of the school year.

**Legislative Report**

Mr. Grattan Kerans, Director of Government Relations, updated the Board on legislative affairs. “We’ve experienced, in the last 21 months, the largest reduction in General Fund, in percentage terms, in 70 years. In effect”, Mr. Kerans explained, “we are experiencing a rolling depression.” Continuing, he pointed out that the issue for OUS going forward in the legislative process is to provide for the Ways and Means leadership and the legislative leadership on the impacts for OUS of whatever emerges in terms of further budget cuts or reductions—or, optimistically, what would happen if there were funds available to provide some small relief from the cut levels of either of the budgets (the Co-Chairs’ or the Governor’s).

Continuing, Mr. Kerans explained that part of the problem with obtaining more accurate revenue forecasts is that they are trying to predict what the national and international impact will be on personal income tax in Oregon. A further impact is that the unemployment rate has gone from four to eight percent, which also has a dramatic impact on tax receipts.

10. **PUBLIC INPUT**

There was no input from the public.

11. **ITEMS FROM BOARD MEMBERS**

Directors Young, Richmond, and Lehmann thanked Directors Bassett and Lussier and President Jill Kirk of the Board of Education for their work on the Joint Boards Working Group.

Director Watari thanked President Zinser for providing an opportunity to meet a Southern Oregon University alumnus who donated a large amount of wireless technology to The Smithsonian Institute in Washington, D.C. She also acknowledged that Portland State University hosted a briefing on Native American Law that she was unable to attend since it conflicted with the Board meeting.

President Lussier observed that the most important ceremonies were being held on the campuses—commencements. These provide, he said, “opportunities to see that people do graduate, they do get educated, they become citizens, in spite of all the arduous tasks that we have to do. It’s a very, very positive time of year.”

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

Associate Board Secretary Switzer 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 July 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.

13. ADJOURNMENT
The Board meeting adjourned at 9:01 a.m.

Virginia L. Thompson
Secretary of the Board

James T. Lussier
President of the Board
1. **CALL TO ORDER/ROLL CALL**
   The special meeting of the State Board of Higher Education was called to order at 8:28 a.m. by President Lussier.

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

   Absent:  Tom Imeson (business conflict), Erin Watari (transportation conflict), and Bill Williams

   **Chancellor’s Office staff present:**  Chancellor Richard Jarvis, Alayne Switzer, and Virginia Thompson.

   **Others present:**  David Bellshaw

2. **ADJOURN TO EXECUTIVE SESSION**
   Director Lehmann moved and Director Wustenberg 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, VanLuvanee, Wustenberg, Young, and Lussier. Those voting no: none.

   The executive session was called to order at 8:30 a.m. by President Lussier. Pursuant to ORS 192.660(4), no final action was taken or final decision was made at the executive session. No members of the media were present.

3. **ADJOURNMENT**
   The executive session of the Board adjourned at 12:10 p.m. to reconvene on June 5, 2003, at 8:00 a.m.

   Virginia L. Thompson
   Secretary of the Board

   James T. Lussier
   President of the Board
1. **CALL TO ORDER/ROLL CALL**
   
The special meeting of the State Board of Higher Education was called to order at 2:36 p.m. by President Lussier.

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

   Jim Lussier

   Absent: Erin Watari (transportation conflict) and Bill Williams

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

   **Others present:** David Bellshaw, Tim and Karen White

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

2. **RECOGNITION OF INDIVIDUALS INVOLVED IN THE SEARCH PROCESS**
   
   Board President Jim Lussier announced that the purpose of the meeting was to select a new president for Oregon State University. He thanked Director Barnett for chairing the Committee and thanked Directors Wustenberg and Lehmann for serving on the Search Committee.

   Director Barnett announced that the search process had concluded and thanked the members of the Screening Committee, Search Committee, and campus staff for all their hard work in assuring a successful search process. He especially thanked Ann McLaughlin and Virginia Thompson for coordinating the search.

3. **SELECTION OF PRESIDENT FOR OREGON STATE UNIVERSITY**
   
   Director Barnett explained that three finalists had been advanced through the search process to be interviewed by the Board. He announced that, by consensus, the Board authorized Chancellor Jarvis to negotiate on the Board’s behalf with Dr. Edward Ray. Chancellor Jarvis stated that he successfully negotiated with Dr. Ray.

   Director Barnett moved and Director VanLuvanee seconded the motion to appoint Dr. Edward Ray as the next President for Oregon State University. Those voting in favor of

Director Lussier stated that Dr. Ray had agreed to a three year contract with an annual salary of $295,000 of which $205,000 is from state funds and $90,000 is from the Foundation.

Dr. Ray thanked the Board and accepted the appointment. He stated that he was excited about coming to Oregon State University and happy to meet the challenges facing him.

Director Lussier acknowledged Interim President Tim White for his service and extended his congratulations and gratitude for a remarkable job.

4. **ADJOURNMENT**

The Board meeting adjourned at 2:53 p.m.

Virginia L. Thompson  
Secretary of the Board

James T. Lussier  
President of the Board
In Attendance

Committee Members: Phyllis Wustenberg, Chair, Kerry Barnett, and Leslie Lehmann

Staff: Mike Green, Tom Anderes, and Mark Johnson

Consultants: Marcia Beard, Sean Ealy, and Dean Derrah, R. V. Kuhns & Associates

Action Items

A-1. Minutes of June, 2002 Meeting Review and Approval

Motions were made and seconded that the minutes of the June 20, 2002, Investment Committee meeting be approved without changes. The motions carried unanimously.

A-2. Modification to Investment Policy

Concerns were voiced over the current language of The Oregon University System Pooled Endowment Fund Investment Objectives and Policies Guidelines. Section VIII Investment Objectives states, “The Investment Committee shall set the goal for maintaining the purchasing power of the principal value of the assets (under Exhibit A). Under no circumstance shall the principal, as adjusted for inflation, be diminished.” While this last sentence was intended to be stated as a goal, the wording could lead it to be understood as a directive, which would be unrealistic. Mike Green recommended eliminating this last sentence.

Director Wustenberg brought up the figures in the Pooled Endowment Fund report and was concerned that many people may not understand what those figures meant. Mike Green reviewed the report and explained the numbers. The value of the endowment principle is about $25 million, meaning that there is still a large cushion when comparing actual dollars given to the current market value. Mr. Green suggested that creating a graph of the report over time may make the numbers more understandable.

Mike Green pointed out that there are about four or five endowment funds that have negative market values under the original donation amount. These need to be dealt with on an individual basis, but pose a minor problem at a macro level at this time.

The committee voted to approve the change in the investment policy wording to eliminate the last sentence and forward to the full Board and OIC for their approval.
Report Items (in order of presentation)

R-1. Fourth Quarter Investment Report for FY 2002 Review and Discussion

R.V. Kuhns reviewed the June 30, 2002 Investment Performance Analysis. They compared performance to benchmarks, as well as how investment performance compared to peer group investments. The market value was just under $54 million as of June 30th. The total equity exposure, compared to the average endowment foundation plan, was an overweight of about 10%. Over the long term, it was expected that it would outperform the average endowment or foundation. BGI appeared to be doing well compared to the S&P 500. Many international managers have been able to beat the MSCI EAFE benchmark. T. Rowe Price has been below the benchmark, leading to below median performance. It was suggested that T. Rowe Price’s performance be evaluated over a longer time period, although it was seen as reasonable to begin looking for alternative managers. In 2001, OUS investments underperformed the median.

Staff reported on additional matters not in the R.V Kuhns report. Mark Johnson discussed the 2001-02 Fourth Quarter Asset Allocation by Category report (page 8 of the meeting agenda). He noted that the fixed income category is now over its upper range. The small/mid-cap equity is also out of its range. Mike Green discussed the plan to sell part of the fixed income and invest in equity.

There were some questions as to whether the target allocations of the equity categories were still appropriate. These allocations were established by the board and there was a general consensus that there was no reason to change them. Mike Green pointed out that allowing the fixed income category and small/mid cap equity categories to remain above their range would be against Board policy. He suggested realocating these categories to get them in their target allocation ranges at the fiscal year end.

There was concern about the fact that there are no clear deadlines for re-balancing categories that are outside of their ranges. R.V. Kuhns representatives suggested not creating a deadline, but instead re-balancing the categories each time they get out of their range. They also pointed out that there would be no reason to re-balance categories on a given date if the categories were not out of their range.

Discussion Items

D-1. Foreign Equity Manager Discussion and Analysis

Representatives from R.V. Kuhns presented the results of their research comparing Investment Manager T. Rowe Price with other managers. T. Rowe Price has been performing below their benchmark; however, there was question as to whether they have had sufficient time or market cycle to prove their performance. Mark Johnson pointed out that the Treasury did not support a change in investment managers at this point, as they felt that they needed to review T. Rowe Price’s performance over a longer
period of time before making a judgment. There was a general consensus that no action should be taken towards changing investment managers at the present time.

**D-2. Fixed Income Manager Discussion**

Mike Green began this discussion by outlining the reasons behind the transfer of the fixed-income allocation of the Pooled Endowment Fund from Communfund to Western Asset Management. This move was approved in January of 2002 by the Board. Along with excellent performance, one of the primary reasons for choosing Western Asset Management was the assurance of a reduced management fee of approximately 10 basis points. After the move occurred, Western’s attorneys informed them that such a reduction in the management fee would be against IRS regulations. The question presented was whether it still makes sense to stay with Western Asset Management.

R.V. Kuhns representatives pointed out that Wellington Management Company, LLP offered to honor the reduced management fee of 10 basis points if the fixed-income allocation was moved from Western to Wellington. A comparison of Western and Wellington indicated that Western was the superior management company. Based on this, R.V. Kuhns representatives suggested staying with Western Asset Management Company.
1. **Call to Order/Roll Call**

Board President Jim Lussier called the meeting of the Budget and Finance Committee of the Oregon State Board of Higher Education to order at 3:34 p.m.

On roll call, the following Committee members answered present:
- Geri Richmond
- Tim Young
- Jim Lussier

Absent: Tom Imeson (business conflict), Don VanLuvanee (personal conflict), and Bill Williams (business conflict)

**Other Board members present:**
- Kerry Barnett
- Roger Bassett
- Leslie Lehmann
- Erin Watari
- Phyllis Wustenberg

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

**Others:** Philip Conn (WOU), Bill Danley (IFS), Martha Anne Dow (OIT), Lesley Hallick (OHSU), Dixie Lund (EOU), John Moseley (UO), Sabah Randhawa (OSU), Mary Kay Tetrault (PSU), 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**

- April 18, 2003, Budget and Finance Committee Meeting Minutes

The Committee dispensed with the reading of the April 18, 2003, Committee meeting minutes. Director Young moved and Director Richmond seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Richmond, Young, and Lussier. Those voting no: none.

3. **Report Item**

DOCKET ITEM:

Executive Summary

The Governor and Ways and Means Co-Chairs have offered budget recommendations that better “fit” the revised revenue projections. The sets of recommendations use the Governor’s original budget as a starting point. The following table highlights the different paths that the executive and legislative leadership took in allocating reductions.

Comparison of Proposed 2003-2005 Budget Reductions
(Based on the 2003-2005 Governor’s Balanced Budget)

<table>
<thead>
<tr>
<th>Enrollment impact:</th>
<th>Co-Chairs’ Proposed Reductions</th>
<th>Governor’s Proposed Reductions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded Enrollment (biennial)</td>
<td>104,079</td>
<td>114,358</td>
</tr>
<tr>
<td>Loss of Fundable Enrollment (biennial)</td>
<td>14,172</td>
<td>3,893</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reduction items:</th>
<th>(in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student Financial Aid (fee remissions)</td>
<td>$ 30.00</td>
</tr>
<tr>
<td>Undergraduate Instruction</td>
<td>22.20</td>
</tr>
<tr>
<td>Graduate Instruction</td>
<td>9.80</td>
</tr>
<tr>
<td>Campus Administration</td>
<td>4.78</td>
</tr>
<tr>
<td>Central Administration</td>
<td>3.22</td>
</tr>
<tr>
<td>Capital Construction</td>
<td>1.00</td>
</tr>
<tr>
<td>Engineering (ETIC/Top Tier)</td>
<td>.90</td>
</tr>
<tr>
<td>Systemwide Expenses</td>
<td>.72</td>
</tr>
<tr>
<td>Research</td>
<td>.51</td>
</tr>
<tr>
<td>OCECS</td>
<td>.47</td>
</tr>
<tr>
<td>Statewide Public Services Building</td>
<td>.30</td>
</tr>
<tr>
<td>Maintenance</td>
<td>.29</td>
</tr>
<tr>
<td>Campus Public Service Programs</td>
<td>.28</td>
</tr>
<tr>
<td>Community College Partnerships</td>
<td>.27</td>
</tr>
<tr>
<td>Western Undergraduate Exchange (WUE)</td>
<td>.23</td>
</tr>
<tr>
<td>Collaborative Academic Programs</td>
<td>0</td>
</tr>
<tr>
<td>Statewide Public Services</td>
<td>0</td>
</tr>
<tr>
<td>OSU Cascades Campus</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$74.97</strong></td>
</tr>
</tbody>
</table>
Selected comparisons:

- The Co-Chairs' budget identifies a 4.4 percent reduction in state agency funding
- The Governor’s revised budget identifies a 2.7 percent reduction in state agency funding

- The OUS budget represents 6.5 percent of the Co-Chairs’ budget
- OUS reductions represent 14.4 percent of the total agency reductions identified in the Co-Chairs’ budget

- The OUS budget represents 6.8 percent of the Governor’s revised budget
- OUS reductions represent 10.1 percent of the total agency reductions identified in the Governor’s revised budget

- The Co-Chairs' budget identifies an 8.9 percent reduction in total OUS funding
- The Governor’s revised budget identifies a 3.9 percent reduction in total OUS funding

- The Co-Chairs' budget identifies an 11.4 percent reduction in OUS Education and General (E&G) funding
- The Governor’s revised budget identifies a 4.3 percent reduction in OUS E&G funding

The key reduction differences include:

- $75 million (legislature) vs. $37.2 million (Governor)
- $30 million in fee remissions by legislature
- $32.2 million (legislature) vs. $19.85 (Governor) in Instructional Funding
- $7.18 million (Governor) vs. $0 (legislature) in Statewide Public Service programs at OSU

Additional analysis on Systemwide expenses, fee remissions, and the Chancellor's Office budget was provided to clarify the implications of the recommendations.
Systemwide Expenses

Systemwide expenses represent programs that are allocated to campuses based on System requirements or programs that are funded solely by the Chancellor’s Office. The reductions will be $1,432,500 (10 percent) by the legislature, or $2,148,000 (15 percent) by the Governor. A number of the programs cannot be reduced—Certificates of Participation (COPs), Faculty Diversity, and Statewide assessments total nearly 40 percent of the funding. The remaining 60 percent will largely be reductions from campus budgets in addition to other instructional and targeted programs. The following are the programs:

Systemwide Expenses 2003-2005

Reduction Options: 10% - 15%

<table>
<thead>
<tr>
<th>Program</th>
<th>2001-2003</th>
<th>Legislature 10%</th>
<th>Governor 15%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of Participation</td>
<td>$1,766,864</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Department of Justice</td>
<td>1,600,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment Match</td>
<td>3,454,979</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faculty Diversity</td>
<td>697,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ORBIS (Library Consortium)</td>
<td>339,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon Jt. Business Programs</td>
<td>831,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OWEN (Statewide Network)</td>
<td>1,042,095</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IP Video Network</td>
<td>54,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students-Disabilities</td>
<td>500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWOUC (Coos Bay Center)</td>
<td>344,364</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statewide Assessments</td>
<td>2,895,786</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WICHE (membership) Dues</td>
<td>202,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>WICHE/PSEP</td>
<td>598,224</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$14,325,312</strong></td>
<td><strong>$1,432,500</strong></td>
<td><strong>$2,148,000</strong></td>
</tr>
</tbody>
</table>

Target: $1,432,500 $2,148,000

COPs: Mandatory debt service
DOJ: Depends on campus usage/PSU having own attorney
Endowment Match: Depends on legal requirements
Faculty Diversity: Board approved no reduction for 2003-2005
Oregon Jt. Business Programs: Transition program support to campuses—support through cells
OWEN: System share of statewide network
Statewide Assessments: Dependent on DAS charge-backs
WICHE/PSEP: Reduce participation
Fee Remissions

The most apparent difference between the Governor’s and legislative recommendations is that the legislative is twice that of the Governor’s—$75 million to $37.2 million.

The most significant difference is the legislative choice to reduce $30 million in the General Fund while designating an equal amount of tuition remission to offset the General Fund. The assumption is that tuition remissions are “available” to supplant General Fund. The reality is that $30 million in tuition remissions is not uncommitted and elimination of financial aid will limit access. The following helps define fee remissions, their availability, and the impact of a $30 million cut.

Summary of Impact of Co-Chairs’ Proposal to Cut $30 Million of Fee Remissions in Multi-Year Commitment Programs

Definition
- Programmatic Fee Remissions are those excluding Graduate Assistant Fee Remissions. They include:
  - Educational Diversity Initiative, International Cultural Services Program, OUS Supplemental Tuition Grant, and various institutional fee remission programs.

Fee Remission Allocations
- $58.8 million—total of Programmatic Fee Remissions budgeted in Governor’s balanced budget (prior to April 18, 2003).
- On average, 76 percent of all fee remissions are made with multi-year commitments.
  - These include Educational Diversity Initiative, International Programs, etc., that are focused on enrollment management for diversity and merit criteria.
  - The multi-year commitment is generally for five years if the student maintains eligibility requirements.
  - Estimates are based on recent campus financial aid offices’ feedback.
    - The remaining 24 percent is awarded annually on a need-basis.
    - Student must re-qualify annually on basis of “need.”
- Few students receiving Programmatic Fee Remissions have their entire tuition offset by remissions and other financial aid and continue to pay a portion of their tuition.
- Of Programmatic Fee Remission allocations for 2003-04, approximately 95 percent-plus has been committed as of April 15, 2003.
Implication of Co-Chairs’ Proposed Reduction

- The Ways and Means Co-Chairs’ recommendations propose elimination of $30 million of fee remissions, earmarked as multi-year awards.
  - The reduction of fee remissions directly reduces financial aid to students.
  - Elimination of $30 million of fee remission is apparently intended to increase net available tuition income.
  - This fee remission reduction is linked directly to a $30 million reduction in state General Fund.
    - The intent is for the resulting net tuition income increase to offset the reduction of state General Fund.
  - Hypothetically, the net impact on total resources would appear to be $0.
    - However, it is expected that a number of students would no longer be able to continue their education with OUS, resulting in a loss of the tuition income paid by these students.
      - This would be a net loss in total resources to the institution.
  - Reducing only multi-year awards would require rescinding approximately $30 million of awards already committed for the 2003-2005 biennium.
    - This would require rescinding 78.5 percent of all multi-year awards already committed to students.
    - This would impact almost 5,000 students currently receiving multi-year committed awards expecting to have their fee remission commitment continued.
  - Withdrawing fee remissions already awarded to students would have multiple impacts.
    - There would be legal liability due to financial commitments made to students and families based on the assurance of this financial aid.
    - Many of these students would likely withdraw from OUS institutions with long-lasting negative attitudes toward the institutions and OUS.
    - The loss of these students would result in a loss of tuition income.

Chancellor’s Office

The Chancellor’s Office, minimally, will be implementing a 10 percent reduction of $2.4 million. It is probable that number will increase before the session is over. There had been vacant positions or excess operating dollars prior to the $3.6 million reduction incurred in 2001-2003 (13.3 percent); however, that flexibility no longer exists. The System is reviewing program options that will reduce centralized services to the campuses and shift the responsibility where appropriate. There are a number of possibilities under consideration that will be discussed with the campuses as alternatives are finalized.

While there seems to be an inevitability by many internal and external constituents accepting the concept that “administrative” costs located centrally must be minimized,
there will be added costs at the campus levels and that cannot be ignored. If services
are being performed centrally to the benefit of the campuses, then the only way those
services can continue is for universities to create a resource base to maintain support.
There is an array of mandatory campus-focused activities such as payroll,
telecommunications, information systems (Banner) management, web development,
cash management, tax development, collective bargaining, and much more that, if
unfunded at the System level, will be a cost assumed by each university.

There are, as well, System activities that provide services to the Board, campuses, and
external bodies. We have made marginal cuts in most activities and now must decide
what responsibilities we simply will not be able to meet. Ultimately, we are determining
how we will be accountable and to whom, conditioned not only on pertinent Internal
Management Directives, Oregon Administrative Rules, and Board priorities, but also
with cost as a critical factor.

As we move toward final decisions, we will work closely with the campuses and keep
the Board informed of the status of programs and services.

COMMITTEE DISCUSSION
Vice Chancellor Anderes provided a macro-level overview of the differences between
the Governor’s and Co-Chairs’ budgets and highlighted the impacts these proposed
budgets would have on the institutions and the Chancellor’s Office. The revised revenue
estimates (which were released the day of the Committee meeting) are projected to be
down by an estimated $600—$650 million which will translate into additional cuts for the
System. The focus of the presentation was on fee remissions, Systemwide expenses,
and the Chancellor’s Office.

It was highlighted that at the macro-level, the OUS budget represented 6.5 percent of
the Co-Chairs budget, yet the level of reductions that the System might be called on to
assume represents 14.4 percent. On the other hand, the OUS budget represents
6.8 percent of the Governor’s revised budget and within that budget, OUS is anticipating
a 10.1 percent share of the total agency reductions. Dr. Anderes pointed out the
differences in the two budget recommendations. (A copy of the PowerPoint presentation
can be found at http://www.ous.edu/board/meetingmaterials.htm)

The category of Systemwide expenses relates to expenses that reside within the
Chancellor’s Office at a level of approximately $14 million. Anticipated reductions range
up to 15 percent or about $2.15 million. Of these funds, 40 percent are for programs
that cannot be touched such as Certificates of Participation (mandated debt that the
System has for information technology programs or projects that relate to all
campuses), and 15 statewide assessments (such as the Secretary of State’s audit). The
Chancellor’s Office is facing approximately 10-15 percent reductions in staff and
services.

One of the most challenging reductions being proposed in the Co-Chairs’ budget is the
recommended elimination of $30 million in fee remissions. “That’s a direct reduction in
student financial aid. What they’re saying is that they want to (subtract) $30 million of General Fund (resources). When they say that they are going to eliminate $30 million in fee remissions, what they’re really saying is, ‘We took $30 million away in your General Fund; you now can take $30 million away in fee remissions and you can use those tuition dollars to back-fill the $30 million in General Fund that we took away,” Dr. Anderes explained.

Vice Chancellor Anderes continued to explain that with these reductions there would be $60 million in various fees that would not be available. On average, 76 percent of those are multi-year commitments. These fee remissions are primarily used for the purposes of enrollment management, diversity initiatives, and for merit. The remaining 24 percent are need-based. At the present time, the System as a whole has committed upwards to 98 percent of those funds going into the next fiscal year.

“When you look at reducing the multi-year commitments (diversity/merit fee remissions) to get to the $30 million, it would require 78.5 percent of those to be rescinded, affecting approximately 5,000 students. This would result in legal problems as well as significant attitude problems,” Vice Chancellor Anderes explained.

Chair Lussier asked if the reasoning of the Co-Chairs was that these students would continue on, even if they did not receive the fee remissions, thus bringing in tuition. It was generally agreed that this would be a false assumption.

With regard to reductions in the Chancellor’s Office, it was explained that since FY 2002, the reductions have ranged from 23–28 percent and the additional reductions would be in the range of 10–15 percent. The reductions will include staffing changes and passing along some of the responsibilities to the campuses.

Director Bassett asked about the impact passage of the flexibility initiatives would have on some of these reductions. “Recalling back to the beginning of our discussion about the flexibility initiatives, I remember the matrix that had a column of things the legislature would have to do, a column of things the Board could do, and a column for the work the Chancellor’s Office could do. It would be helpful to see the results of this work brought back to us at some point as a modification of that list of things the Board could do so that we could share the shift between the awfulness of budget cuts like this and, hopefully, at some opportunity, at least some complementary actions related to that earlier list.”

Vice Chancellor Anderes continued to explain that another area where the legislature is looking for possible sources of funds is in OUS ending balances/operational reserves. The intent would seem to be to identify “reserves” that appear to exceed appropriate levels and might be available for other purposes. The intent is to look at every fund source possible and, because of the nature of the resource flow for OUS, there are pockets of resources that look unusually high. For example, a major component of the System budget is federal grants and contracts and those come in large amounts and
are spent out as needed. Although there is general agreement those sources can’t be tapped, they do need to be carefully explained and the budgeted levels justified.

Finally, one other area where the legislature is examining budgets is in vacancy savings. There appear to be a lot of vacancies and the legislature assumes there are funds remaining. Many of these are vacant because OUS, like other agencies, have been told not to fill them. It is a very complicated issue and one that is being watched carefully.

b. Review of Extension Services’ Programming and Resources

Chancellor Jarvis called on President Tim White to brief the Board on the review of Extension Services’ programming and resources. President White indicated that OSU identified a problem in the Extension program about a year ago and a plan has been crafted to resolve it. They are now in a position to implement the plan. “I want to be real clear,” he said, “that the budget is indeed balanced in the current 2001-2003 biennium and the budget will be balanced in the 2003-2005 biennium. But in order to do that, we have to reduce the program.”

Continuing, he indicated that the range of reductions would be between 42 to 63 full time equivalents (FTE) out of approximately 220 FTE. The vast majority of those reductions will result from retirements.

A contributing factor to the resource problem is that OSU had reduced the fund balance. “There were some investments that were made back in 1997-98 that were intended to enhance programming and to bring in new grants and contracts that would ultimately sustain the programs, but those all didn’t work out,” President White explained. He said they were operating under several principles. The first is that OSU does not want to over-cut and stop programming at too great a rate only to find out that some of the funding has been restored. A lot of input has been received from Extension stakeholders that has informed the planning. The intent is to maintain the highest priority programs.

At the institution level, President White indicated that improvements in tracking Federal Reserve funds have been instituted and in the fall there will be an audit of the program.

Director Wustenberg stressed that she would expect the Chancellor’s Office and the Board to be kept up-to-date on the situation and that the problems in the financial area would be adequately addressed so the situation would not occur again.

To Director Lehman’s question about the response from legislators about the situation, Dr. White said the most common had been, “How did we get here?” There has been strong support for strategic decisions about cuts in the program, not approaching the situation with across the board cuts.
Chair Lussier asked that the Chancellor stay informed about the progress on decisions regarding the situation and provide periodic updates to the Board.

4. **DISCUSSION ITEM**
   a. Discussion of the Connection of Tuition Increases and Enrollments

Vice Chancellor Anderes introduced the discussion by reminding the Committee that the report was in response to a question raised by Directors Imeson and Richmond, “How would enrollments be altered by reduced tuition rates?”

**NOTE:** a copy of the PowerPoint presentation is available at: [http://www.ous.edu/board/meetingmaterials.htm](http://www.ous.edu/board/meetingmaterials.htm).

Enrollments, Dr. Anderes pointed out, can vary based on cost of attendance, availability of financial aid, state funding support, perception of university quality, admissions selectivity, and program availability, to name a few. The challenge is connecting the state component with tuition funding in an approach that might be similar to the Resource Allocation Model. There is no parallel RAM for tuition funds that drives them based on peer rates.

Vice Chancellor Anderes continued by pointing out that there is a need to create an index that incorporates enrollments, Quality Funding Index, tuition rates, tuition/state share, and other factors in a manner that provides alternative outcomes based on the interaction of all variables. To answer the question raised by Directors Imeson and Richmond, the following baseline data were used:

- Governor’s Recommended Budget–$649 million
- Quality Funding Index–72 percent
- Tuition Rates (as approved by the Board)
- State/student share–55 percent/45 percent
- Enrollment–118,211

Taking these factors into account and assuming a 10 percent reduction in resident tuition rates, there would be a loss of 6,000 in enrollments. If the assumption were a 15 percent reduction in resident tuition rates, the enrollment loss would be 9,000.

“The problem we’ve had over the last year or so is that we’ve looked at tuition as constantly backfilling. General Fund goes away–tuition goes up. We haven’t looked at tuition, whether it relates to peers or relates to any other factors and said, in terms of a Quality Funding Index for tuition, what’s happening here,” Dr. Anderes explained. “But we need to look at some way of aggregating this and being able, at a minimum, to at least understand the implication of the combination of the two. The model that we came up with in effect said that we’d lose, at a 10 percent reduction in tuition, 6,000 in enrollment.”

Director Richmond questioned whether there were software packages that other states might be using. Dr. Anderes observed that there were very few states that look at any
kind of cost of discipline. The shifting of emphasis to student/tuition support from state-
peer based commitments necessitates developing stronger linkages between the two
funding sources. “A single ‘index’ encompassing General Fund and tuition/fees might be
the next possible phase as the model evolves,” Dr. Anderes concluded.

Director Bassett pointed out that the presentation and discussion had been most useful
in providing a context for beginning the discussion of affordability and access. In
addition, the discussion begins to force focus on policy issues that relate as well.

5. **ADJOURNMENT**

It was moved by Director Young and seconded by Director Richmond that the meeting
be adjourned. Those voting in favor of the motion: Directors Richmond, Young, and
Lussier. Those voting no: none.

The meeting adjourned at 4:58 p.m.
1. **CALL TO ORDER/ROLL CALL**
Chair Roger Bassett called the meeting of the System Strategic Planning Committee of the State Board of Higher Education to order at 1:12 p.m.

On roll call, the following Committee members answered present:
- Kerry Barnett
- Leslie Lehmann (arrived 1:31 p.m.)
- Erin Watari (arrived 1:25 p.m.)
- Phyllis Wustenberg
- Roger Bassett

Absent: none.

**Other Board members present:** Geri Richmond (arrived 1:25 p.m.) and Jim Lussier.

**Chancellor’s Office staff present:** Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Grattan Kerans, Virginia Thompson, Diane Vines, Yvette Webber-Davis, and Susan Weeks.

**Others:** Ron Bolstad (SOU), Philip Conn (WOU), Martha Anne Dow (OIT), Dixie Lund (EOU), John Moseley (UO), Sabah Randhawa (OSU), and Mary Kay Tetrault (PSU).

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

2. **APPROVAL OF MINUTES**
   - April 17, 2003, System Strategic Planning Committee Meeting Minutes

The Committee dispensed with the reading of the April 17, 2003, Committee meeting minutes. Director Wustenberg moved and Director Barnett seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Wustenberg, and Bassett. Those voting no: none.

3. **ACTION ITEM**
a. **Board Statement on Commitment to Quality**

Chair Bassett introduced the “Board Statement on Commitment to Quality” by explaining that this was a continuation of the discussion of the last meeting when the Committee considered the usefulness of a Joint Boards Statement. This statement, to be endorsed by the Board of Education and the Board of Higher Education, connects
quality to enrollment as a joint response to “what we’re calling the hydraulics among affordability, access, and quality. All of this is a context within which to consider and address the state funding contribution to the OUS and, if it becomes a joint statement, community college system enrollment support,” Director Bassett explained.

The “Why Quality Matters” document was discussed extensively at the last meeting of the Joint Boards Working Group (JBG). In attendance at that meeting were Board of Education Chair Jill Kirk and Board member Judy Stiegler; Commissioner Cam Preus-Braly; Board of Higher Education Chair Jim Lussier, Board member Roger Bassett, and Chancellor Jarvis.

Continuing, Director Bassett indicated that the statement is “intended to be both descriptive and as precise as we can be. Descriptive in the sense that a Governor or a legislative leader would understand our reasons for establishing quality as the important condition here on how we look at the relationship between state support and dollars. It is a state dollar-to-enrollment relationship. Precise in the sense that a peg, which is probably as precise a wording as I’ve used for this, but that there be almost an index or a ratio established between the level of state support and the level of enrollment that exists in the year 2002-03 for the University System, and for the year 2001-02 for the community colleges, those being the years that we consider to be the point below which quality should not be allowed to drop.”

Vice Chancellor Anderes indicated that this level would be about 74 percent of the RAM funding model. In response to the question of the meaning of the term “funded enrollment,” Director Bassett indicated, “it referred to the level of enrollment that the state allocation can support. The legislature could say, ‘here’s some money; we want you to enroll 10,000 more students.’ This statement would have the Board take the position that ‘no, the level of enrollments that the dollar amount can support is the level that reflects the ratio in 2002-03.’”

Chancellor Jarvis attempted to answer the question of how precise the statement is in defining state funding for some enrollments and not others. “This would be the enrollment that would go through our funding model and would be the enrollment that we acknowledge the state has supported at the level of support that the Board has determined is (its) limit for acceptable funded enrollment.” He indicated that it would refer to those categories for which state General Fund is applicable, specifically resident undergraduate students.

There was considerable discussion around what percent of funding of the RAM is acceptable. The general consensus was that the System has already passed the “tipping point” in terms of sufficient resources to maintain quality within the System. “We’re beyond where we want to be from a quality perspective,” Director Lussier observed. General agreement was that we were already below the acceptable level of funding for Oregon resident students.

Ms. Melissa Unger, Legislative Director, Oregon Student Association (OSA), expressed the concern of the OSA that the Board was making a commitment to quality but not to
access and affordability, and that there must be a better balance. Chair Bassett responded, “The balance among quality, access, and affordability is changed from all being equal towards sacrificing access for the sake of quality and affordability so that we are rebalancing them for the sake of a sustainable relationship among them. It does, no doubt, create a reduction or a potential for it in the enrollment opportunity, but our hope is to create an environment within which tuition doesn’t have to carry the same load that it has and, for now, our best response to your point on that is when that next tuition decision comes before the Board, we will have this as context. I just want to keep the idea of balance as a relationship among these three major policy areas in a way that we can somehow sustain the capacity at a level of quality that reflects the promise that you would get what you paid for.”

Director Bassett observed that the point Ms. Unger was making is that the work is not done until all three (quality, affordability, and accessibility) are anchored. “I would still argue it is a necessary place to start. Unless we signal a larger context that places similar emphasis on other elements, access and affordability being the two we’re talking about mostly here, then both the message and the true sense of balance, the sustainable relationship among the three, has still escaped us. It’s not enough just to say this is a starting point when we haven’t recognized those other two. Let us try to work on both the context in which the message is presented and then, beginning with the next agenda of this Committee, bring access and affordability back up on an urgent basis,” Chair Bassett said.

**COMMITTEE ACTION:**
Director Wustenberg moved that the System Strategic Planning Committee approve the Joint Boards of Education Statement on Commitment to Quality and present it to the full Board for final approval. Director Lehman seconded the motion. Those voting in favor of the motion: Directors Barnett, Lehmann, Watari, Wustenberg, and Bassett. Those voting no: none.

Director Lussier called the Board’s attention to a national movement called the “balanced scorecard” that is specifically directed at healthcare. He indicated that perhaps the Board had done itself some disservice with reference to using just the financial model. “I think better government might be instituted if we had a balanced approach to where all the legislators who need to make these kinds of decisions had the capability to say, ‘here are the three or four or five measures of the important factors and as we affect one, like financing, which is the easiest one to dwell on, we can see the impacts on other measures because more informed decisions will be made. We might take a look at what a balanced scorecard would look like, what would be measured, (and) how would we develop those measures to keep ourselves, as well as other policy makers, honest about the fluidity between those things.”
4. **CONSENT ITEM**
   a. Authorization to Award an Honorary Degree, SOU

**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.

**Southern Oregon University**

Southern Oregon University requested authorization to award an honorary doctorate to Ben Tyran at its June 2003 Commencement ceremony.

Ben Tyran’s highly distinguished business career spans over 50 years. His educational preparation began at Ryder College where he earned a Bachelor’s in Business Education in 1944. He taught high school for a year before signing on with the Arabian American Oil Company to work in Saudi Arabia, New York, and San Francisco as an accountant, economic analyst, and marketing account executive. He returned to school, completing a Master’s in Business Administration at New York University in 1950, and soon thereafter pursued doctoral program coursework at American University.

After serving as a shipping industry analyst with the Labor Management Maritime Committee in Washington, D.C., Tyran moved to San Francisco where he served as general sales manager for the American Independent Oil Company. He moved on to found the International Petroleum Supply Company, serving as president and chief executive officer. In 1962, Tyran joined Natomas, Inc., where he served as director and vice president in charge of developing oil activities. As his career continued to evolve, Tyran was increasingly sought out to assume positions of oil industry leadership. For example, he founded the Isle of Man Petroleum Ltd., served as managing director of the West Indies Oil Company, and director of the Independent Indonesian American Petroleum Company. Finally, culminating a long career of executive entrepreneurship, Tyran became president and director of Natomas Canada, and director of Independent Petroleum Supply (Eastern, Tokyo, and Riyadh). For the decade that followed his retirement until the mid-1980s, Tyran actively consulted with Natomas and other companies and agencies on all aspects of the international oil industry.

Tyran’s retirement has been characterized by dedicated service to Oregon, where he has long resided. At the state level, Tyran served as president of the Council for Economic Development in Oregon and accompanied more than one Governors’ trade missions to the Middle East and Japan. Locally, for many years he led the Economic Development Commission of Ashland, and later joined the board of Rogue Valley Manor.

Southern Oregon University has enjoyed a long-time relationship with Tyran. He was a member and then president of the foundation board from 1979-1983. Two endowments
given to the School of Business for lectureships and scholarships attest to his personal generosity. Tyran’s legacy also includes his visionary advocacy for Southern Oregon University’s full development as a distinctive university.

Staff Recommendation to the System Strategic Planning Committee
Staff recommended the Board authorize Southern Oregon University to award an honorary doctorate to Ben Tyran at its June 2003 Commencement ceremony.

COMMITTEE DISCUSSION AND ACTION:
Vice President Ron Bolstad provided additional background information on Ben Tyran and indicated this was an important decision for Southern Oregon University.

Director Barnett moved and Director Bassett seconded the motion to approve the request from Southern Oregon University to award Ben Tyran an honorary doctorate. Those voting in favor of the motion: Directors Barnett, Lehmann, Watari, Wustenberg, and Bassett. Those voting no: None.

5. DISCUSSION ITEMS
   a. Mission Differentiation: Initial Discussion

Director Bassett opened the discussion on mission differentiation by indicating that it comes up in different ways. In the Joint Boards Working Group (JBWG) discussions, it arises as the community colleges wrestle with lack of funding and what kinds of programs could be reduced or eliminated. These usually relate to the vocational and workforce preparation missions. “So, there is a low level worry so far that could become more intense as the budget continues to decline that otherwise really good decisions are going to alter the intended and stated mission of one system or the other and particularly of the relationship between the two of them,” Director Bassett explained.

Attention was focused on four of the seven questions that had been provided:
- What elements of System and institution missions are most important to protect?
- Are there particular strengths in OUS missions and particular weaknesses? Are we missing opportunities, because of “mission gaps,” to serve Oregon’s future needs?
- Is there a danger of “mission collapse” due to Oregon’s budget crisis?
- How do OUS missions relate and articulate with the mission(s) of Oregon’s community colleges?

It was pointed out that there has never been a policy discussion on these issues at the Joint Boards level. Director Wustenberg asked where the Department of Education stood in terms of the Education Reform Act. Chair Bassett observed that higher education has asked for quite a long while when or if it was going to be stabilized so that we could count on the results and build it into higher education plans as well. One of the major failings is that the Act was made law but with little or no funding. “The funding stayed pretty much the same and the expectations went way up,” Chair Bassett continued. “But that is not what we mean by preparation here. What we’re talking about is how to better link the importance of excellence and of student achievement at the K-
12 level to the transition to both community college and higher education. We want to hold the State Board of Education accountable for the preparation of students as they reach us, even if there’s never been an Education Reform Act.”

It was pointed out that, by collaborating across education sectors, by doing things together on purpose, we can even better enable student achievement as students move along the line to college. Vice Chancellor Clark pointed out that there is no evidence at the national level that the standards discussion is diminishing at all. “The ‘No Child Left Behind’ legislation makes it very clear that schools are to be held to high levels of performance. So, there is strong commitment to standards and preparing students for college but, of course, there is also much debate about how that is to be done and who pays.”

Director Lehmann made the point that another area of cooperation was the important role of preparing teachers, since they represent the preparation pipeline.

Returning to the discussion of mission differentiation, Director Lehmann and Chair Bassett indicated that part of the discussion has to revolve around what the state thinks that higher education can and should provide. In times of reduced resources, it may be more a matter of the growing gap between the aspirations we have for the total postsecondary enterprise and the collective effort of the community colleges and OUS institutions to try to address it. Chair Bassett said, “In my experience, it tends to pull back around lower division transfer on both sides. It is for all kinds of good reasons. We might need some help from those who’ve worked with mission differentiation in the past to try to figure out how to adjust to that.”

Kerry Barnett, identifying himself as one of the newer Board members, indicated that for him a starting point would be to hear from the institutions how they define their missions. “As a Board, I think we have to have our antennae up for statements that essentially say that we are going to try to be all things to all people. It’s relatively easy to identify what you’re going to be really good at. The hard questions are the things that aren’t on that list that you’re good at and what you propose that we do with them.”

Director Lussier indicated, “The Board is responsible to the Governor and to the state, and here is the justification for our System; here are the great contributions that each one of our seven institutions makes. That’s what needs to be designed and we need to be relatively comfortable that, in the differentiation, we have the lion’s share, to the best of our ability, of the needs for higher education for the state covered.

“It isn’t just about mission statements, it’s about how we differentiate and rationalize the resources and their allocation for the rest of the state. We have to have a rationalized approach that says ‘here’s why we have seven institutions, here are the unique contributions, and they are different.’ It’s about the System’s design; it’s about how we rationally allocate resources.”
It was pointed out that, as funding forces choices, some things are lost and others gained. Mission review and adjustment is part of the Board’s role in the context of larger public policy issues.

b. **Preparation for College: Initial Discussion**
No discussion occurred on this item.
c. Revised SSP Work Plan Through October 2003

### Oregon State Board of Higher Education

**System Strategic Planning Committee Work Plan through October 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>Initial discussion in SSP in May 2003</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 – October 2003</td>
<td>Initial position statement on quality commitment adopted by Board in April; final position in context of funding, quality, access, and affordability relationships to be adopted May 2003.</td>
<td>Similar position statement being developed by the State Board of Education. Both statements to be included in a communications piece, <em>Choices and Challenges in Public Postsecondary Education in Oregon.</em></td>
</tr>
</tbody>
</table>

- **Quality**
  - January – February 2003
    - Introduction in January; full discussion in February.
    - Joint Boards Working Group discussions in January and February.

- **Affordability**
  - January – April 2003
    - Introduction in January, discussion in February and April.
    - Board resolution in support of increased funding for the Oregon Opportunity Grant adopted in October 2002. Report to Budget & Finance Committee on fee remissions in
<table>
<thead>
<tr>
<th>Strategy</th>
<th>Timelines</th>
<th>Status &amp; Next Steps</th>
<th>Related Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Access/Enrollment Demand</td>
<td>February – April</td>
<td>Introduction in February, full discussion in April. Report to SSP Committee on</td>
<td>Report to Board Work Session on OUS enrollment in January. OUS updated enrollment projections completed in June. Changing Directions Roundtable discussions February and June.</td>
</tr>
<tr>
<td>Ø Unmet higher educational needs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Increased diversity of students and faculty</td>
<td>April – October</td>
<td>Initial discussion with Annual Report on Diversity presented in April. Focused</td>
<td>Staff to develop study of promotion and tenure of faculty of color and an update of salary equity study for faculty of color. Studies to be completed for either the September or October discussions.</td>
</tr>
<tr>
<td></td>
<td>2003</td>
<td>discussion with presidents on specific campus initiatives in September. Broader</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>discussion, including students, in October.</td>
<td></td>
</tr>
<tr>
<td>• Preparation for college</td>
<td>May – July 2003</td>
<td>Initial discussion in May to frame questions for more focused discussions in July.</td>
<td>Discussions initiated in Joint Boards Working Group in April, to be continued in May.</td>
</tr>
</tbody>
</table>
## Strategy

| Mission differentiation | May 2003 - ? | Initial discussion in May to frame questions for more focused discussions in July and beyond. | Discussions initiated in Joint Boards Working Group in April, to be continued in May. |

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

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

- Oregon K-12 education, to support seamless transitions through K-16.
- Oregon community colleges, to optimize access through dual enrollment, articulation, and transfer.

<p>| Ongoing | Completing joint statements on the commitment to quality for postsecondary education, reflected in <em>Choices and Challenges in Public Postsecondary Education in Oregon</em>. | The OUS report, <em>Partnerships</em>..., describes many K-16 initiatives in areas of enrollment, articulation, and transfer; distance education programming; technology support; and library services. Examples of some of these initiatives were presented to the Joint Ways and Means Subcommittee in April. |</p>
<table>
<thead>
<tr>
<th>Strategy</th>
<th>Timelines</th>
<th>Status &amp; Next Steps</th>
<th>Related Initiatives</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Joint Boards Working Group</td>
<td></td>
<td>Strategic planning framework for K-16 under development. Focused discussions on quality, access, and affordability conducted January through March; initial discussions on preparation and mission differentiation in April and May.</td>
<td>Proposal under consideration to alternate Joint Boards Working Group meetings with meetings of staff from K-12, community colleges, and OUS, to facilitate regular communication and joint project development.</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></td>
<td></td>
</tr>
<tr>
<td>Explore effectiveness of current governance</td>
<td>To be determined later.</td>
<td>On hold.</td>
<td></td>
</tr>
<tr>
<td>structures as needs arise. Assess possible</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>scope of local university advisory boards in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>light of progress on Flexibility (Efficiency)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiatives presented to the 2003 Legislature,</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and determine whether formal Board policy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>statement is necessary.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
COMMITTEE DISCUSSION:
Chair Bassett, in highlighting areas of the SSP work plan, remarked that the work of the Committee has focused primarily on the larger strategic policies of quality, affordability, and access. One area, strengthening of the role of OUS and individual institutions in working with the business community in support of Oregon’s economic development, has not yet come up on the SSP agenda. It was noted that, while much has occurred in this area, it has not been at the Committee level.

Committee members thanked Chair Bassett for his considerable time and effort as the Committee chair and as one of the Board’s representatives to the Joint Boards Working Group.

6. ADJOURNMENT
The meeting adjourned at 3:07 p.m.
1. CALL TO ORDER/ROLL CALL
The meeting of the Executive Committee of the State Board of Higher Education was called to order at 10:36 a.m. by Vice President Lehmann.

On roll call, the following Committee members answered present:
Roger Bassett
Leslie Lehmann
Phyllis Wustenberg

Absent: Don VanLuvanee and Jim Lussier.

Other Board members present: none.

Chancellor’s Office staff present: Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Virginia Thompson, Diane Vines (arrived at 10:46 a.m.), and Susan Weeks.

2. ACTION ITEM
a. ETIC Capital Investment Proposal for the 2003-2005 Biennium

DOCKET ITEM:
Summary
In response to the addition of $20 million in Lottery bonds for the Engineering & Technology Industry Council (ETIC) through the Governor’s revised budget, representatives from the seven Oregon University System campuses and the OGI School of Science and Engineering at OHSU have submitted proposals for review by ETIC. The Council’s voting members met on June 18, 2003, and reviewed the proposals. Based on this review, the proposals were updated by the participating institutions. The updated proposals have received unanimous endorsement from the Council members who participated in the review.

The total proposed capital investment from Lottery bonds is $20 million as summarized below. The combined effect of these investments will be to create a substantial increase in Oregon’s ability to increase the number of graduates of its engineering and computer science programs, as well as the ability to increase the national ranking of these programs and the quality of the research and graduates they produce.
### Table 1. Proposed Investments

<table>
<thead>
<tr>
<th>$M</th>
<th>Bond Allocation</th>
<th>Expected Private Support</th>
<th>Combined Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>$0.30</td>
<td>$0.03</td>
<td>$0.33</td>
</tr>
<tr>
<td>OGI</td>
<td>$2.10</td>
<td>$0.86</td>
<td>$2.96</td>
</tr>
<tr>
<td>OIT</td>
<td>$1.00</td>
<td>$1.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>OSU</td>
<td>$8.45</td>
<td>$8.45</td>
<td>$16.90</td>
</tr>
<tr>
<td>PSU</td>
<td>$5.00</td>
<td>$5.00</td>
<td>$10.00</td>
</tr>
<tr>
<td>SOU</td>
<td>$0.66</td>
<td>$0.30</td>
<td>$0.96</td>
</tr>
<tr>
<td>UO</td>
<td>$2.40</td>
<td>$2.40</td>
<td>$4.80</td>
</tr>
<tr>
<td>WOU</td>
<td>$0.09</td>
<td>$0.03</td>
<td>$0.12</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$20.00</strong></td>
<td><strong>$18.07</strong></td>
<td><strong>$38.07</strong></td>
</tr>
</tbody>
</table>

### Table 2. Proposed use of Lottery Bond Funds

<table>
<thead>
<tr>
<th>$M</th>
<th>New facilities</th>
<th>Improvements to facilities</th>
<th>Laboratory equipment</th>
<th>Other equipment</th>
<th>Other capital investment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>$0.10</td>
<td>$0.08</td>
<td>$0.08</td>
<td>$ -</td>
<td>$0.05</td>
<td>$0.30</td>
</tr>
<tr>
<td>OGI</td>
<td>$1.75</td>
<td>$ -</td>
<td>$0.34</td>
<td>$0.01</td>
<td>$ -</td>
<td>$2.10</td>
</tr>
<tr>
<td>OIT</td>
<td>$ -</td>
<td>$0.14</td>
<td>$0.21</td>
<td>$ -</td>
<td>$0.66</td>
<td>$1.00</td>
</tr>
<tr>
<td>OSU</td>
<td>$ -</td>
<td>$6.08</td>
<td>$2.27</td>
<td>$0.10</td>
<td>$ -</td>
<td>$8.45</td>
</tr>
<tr>
<td>PSU</td>
<td>$5.00</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$5.00</td>
</tr>
<tr>
<td>SOU</td>
<td>$ -</td>
<td>$0.15</td>
<td>$0.16</td>
<td>$0.35</td>
<td>$0.66</td>
<td>$0.66</td>
</tr>
<tr>
<td>UO</td>
<td>$ -</td>
<td>$1.23</td>
<td>$1.18</td>
<td>$ -</td>
<td>$ -</td>
<td>$2.40</td>
</tr>
<tr>
<td>WOU</td>
<td>$ -</td>
<td>$0.01</td>
<td>$0.05</td>
<td>$0.03</td>
<td>$ -</td>
<td>$0.09</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$6.85</strong></td>
<td><strong>$7.68</strong></td>
<td><strong>$4.12</strong></td>
<td><strong>$0.29</strong></td>
<td><strong>$1.06</strong></td>
<td><strong>$20.00</strong></td>
</tr>
</tbody>
</table>

Attached are the eight proposal summaries for:

- Eastern Oregon University
- OGI School of Science & Engineering/OHSU
- Oregon Institute of Technology
- Oregon State University
- Portland State University
- Southern Oregon University
- University of Oregon
- Western Oregon University
Eastern Oregon University
$300,000 bond investment
$30,000 private support

Summary of Proposal:
The long-term viability of EOU’s Computer Science and Multimedia (CS/MM) degree programs stand at risk as a result of limited faculty, limited faculty support, and aging and undersized laboratory facilities. Thus, this proposal represents high priority funding for maintaining and expanding the CS/MM degree programs. As part of EOU’s overall ETIC investment plan, the intent is to hire new faculty so that a wider variety of courses may be offered and important electives may be offered more frequently. Also, EOU plans to expand faculty support so that faculty will be freed from maintenance responsibilities and security of lab facilities. To maximize the results from the strategic personnel expansions, EOU must upgrade plant and equipment.

Specific capital investment proposals include the following:

- Programming lab includes 16 Linux workstations in a small room.
- Multimedia lab shared with the art department and equipped with 16 Macintosh computers of various vintages.
- New teaching/learning lab and smart classroom for course sections accommodating 20 to 25 students in a new campus building.
- Facilitates classroom demonstrations and enhances communication of abstract topics.
- Enhances capabilities to demonstrate the use of high technology in K-12 education for teacher education programs. Development of a curriculum in computer education and educational technology will provide educators graduating from EOU with knowledge and skills to appropriately use technology in their classrooms.

EOU has worked diligently to respond to the needs of the Oregon employer market and the goals of the legislature, the Governor, State Board, and Oregon taxpayers to develop a high technology field of study in eastern Oregon. However, the ability to capitalize on the above success is hampered by two major limiting factors. First, current faculty size limits the frequency of critical course offerings and seriously limits the number of electives available. Second, aging facilities and outdated equipment reduce the attractiveness of EOU to prospective faculty and students in this highly competitive field. Existing outdated and undersized labs, combined with the lack of a pool of startup funds for faculty to invest in plant and equipment, threaten the long run viability of EOU’s high tech programs. As a result, fewer students currently select EOU as their choice for CS/MM study and some existing students leave EOU to complete their degree plans or change to a different major.
OGI School of Science & Engineering / OHSU
$2,100,000 bond investment
$860,000 private support

Summary of Proposal:
OGI/OHSU requests capital bond funds to support the build-out of the Bronson Creek Building on the OGI/OHSU West Campus and to provide instructional and laboratory equipment for that building. Build-out of Bronson Creek will allow OGI to house, in a single location, the newly merged faculty, graduate students, and curricula in computer science, computer engineering, and electrical engineering. Adding classrooms and upgrading instructional laboratories will increase OGI’s ability to deliver high quality instruction to larger numbers of students at the M.S. and Ph.D. levels in computer science, computer engineering, and electrical engineering.

Funding of this proposal will allow OGI to increase both the quantity and quality of well-trained graduate students in computer science and electrical engineering and to thus produce highly valued employees for Oregon industries (68% of OGI alumni are employed in the local region). It is well known that physical proximity facilitates collaboration and that adequate facilities enhance the quality of instruction and research as well as the ability to recruit additional students and faculty members.

In computer science and electrical engineering, as in other disciplines, the ability to attract high quality graduate students and faculty members, and to deliver highly valued educational programs is based on the strength of the research programs. The Computer Science and Engineering Department at OGI currently ranks 16th in the nation in federal research funding. Most of those funds support Ph.D. students and their faculty advisors. In the most recent academic year for which data are available (2001-02), OGI produced more graduate degrees in computer science and electrical engineering than any other school in Oregon: 59 of 140 (42%) and 33 of 85 (39%) respectively. Strategic plans for OGI call for adding 5 to 10 additional faculty members in computer science, computer engineering, and electrical engineering during the next five years, increasing the graduate student population at 5% per year for each of the next five years, and increasing the level of research funding and numbers of graduates correspondingly. The requested funds will provide the facilities needed to achieve these goals.

Specific results of this proposed investment will be the addition of two new classrooms (one auditorium-style, one instructional style), two new student computing laboratories, a new data center, and new offices and workspaces for graduate students and faculty members in the newly-acquired Bronson Creek building at OGI/OHSU. These enhanced facilities will allow OGI/OHSU to improve its research-based graduate education programs in computer science, computer engineering, and electrical engineering and to attract additional high-quality graduate students and faculty.
Oregon Institute of Technology
$1,000,000 bond investment
$1,000,000 private support

Summary of Proposal:
The Oregon Renewable Energy Center (OREC) has accomplished several objectives in curriculum development, creative applied research projects, and the development of partnerships with private and public entities. In order to continue progress toward regional and national recognition, laboratory and facility enhancements are extremely important. Improvements in electronic capabilities in classrooms and laboratories made possible by broadband access will impact instructional and research goals.

Funding of this proposal would allow OIT to:

- Build a new education/training facility for renewable energy technologies to support academic courses, training courses, and on-site training certifications as well as applied research in renewable energy systems.
- Expand laboratory capabilities to support innovative applied research projects in renewable energy systems.
- Collaborate with Clackamas Community College to deliver academic programs in renewable energy at the Wilsonville Training Center and to serve the work force training needs of industry in renewable energy.
- Develop the capital infrastructure to electronically deliver engineering and technology courses that will enhance OIT’s ability to double student credit hours.
- The Oregon Renewable Energy Center will deliver academic courses on the web in support of new baccalaureate degree programs in renewable energy.
- Business and industry training courses will be developed for local and electronic delivery in renewable energy technologies.

The funding will enable OREC to fulfill its vision of becoming a world-class applied research and education facility devoted to the rapidly expanding field of renewable energy. The capital investment requested will enable OREC to maximize the investments already made in laboratories and equipment, as well as support electronic delivery of courses in renewable energy for academic degree programs and training for business and industry. The requested funding will enhance the partnership between OIT and Clackamas Community College to deliver three OIT degree programs at the Wilsonville Training Center. A strong electronic connection between OIT/OREC and Wilsonville will substantially strengthen these program offerings. The funding will also strengthen OREC’s emerging applied research program in terms of expansion and improvements in laboratory facilities and through broadband connectivity between OREC and other research centers. Finally, investments in electronic delivery capabilities will support the expansion of other academic degree programs in engineering, engineering technology, and information technology.
Oregon State University
$8,450,000 bond investment
$8,450,000 private support

Summary of Proposal:
OSU’s capital investment proposal complements the main OSU Engineering proposal submitted through ETIC for the 2003-2005 biennium. It incorporates those capital items that will help close the gap in resources needed to meet the two goals of that proposal: to build a top-25 engineering college that delivers the people, ideas, and innovation needed to power Oregon’s knowledge economy and help fill the intellectual capital pipeline with pre-college Oregonians passionate about careers in engineering and technology.

- Equipment startup for new faculty. Although the amount of capital equipment required for this startup varies quite widely depending on the specific discipline, $70,000 to $75,000 per faculty member represents an approximate average, and we expect 15 to 20 new hires during the next biennium.

- Major equipment acquisitions to further propel collaborative Research Clusters. Research Clusters—Micro2nano, Analog/Mixed-Signal, Environmental Engineering, Kiewit Center/Tsunami Laboratory, Usability Engineering, and Large-Scale Thermal Hydraulics will be the focus for adding faculty and capability in the next biennium. There is a need to invest in several large equipment acquisitions to accelerate capability growth and leadership positions at the national level.

- Renovations of selected space for instructional classrooms and laboratories and offices to accommodate quality growth (Dearborn, Batchellor, and Covell Halls). With the enrollment increases OSU has been experiencing the last several years and that are projected to continue, there is a great need for productive classroom and laboratory space. There are a number of spaces in Batchellor, Dearborn, and Covell Halls that can become much more effective with remodeling.

- Major Renovation of Gleeson Hall to add capability to grow collaborative research and deliver quality learning experiences. This will produce a significant amount of quality infrastructure critical to attracting the people and delivering the results to achieve our goals. The total renovation is projected to cost more than $20 million. With $6.0 million public funds requested here, along with the private funds that can be raised, we feel that we can phase the project and modernize a major portion of the building at this time.

- Mobile Laboratory. Due to its statewide presence and strong credibility with rural 4-H Youth and adults, OSU has the opportunity to leverage its existing programs to infuse business and information technology (BIT) skills into the rural areas of Oregon. However, in these remote areas there is a lack of access to technology classrooms. A BIT Mobile laboratory would consist of a trailer containing a technology laboratory and a vehicle to pull it.
Portland State University
$5,000,000 bond investment
$5,000,000 private support

Summary of Proposal:
PSU will use the capital bonds as part of the $71 million budget for the construction of the Northwest Center for Engineering, Science and Technology (NWCEST). This facility is the top priority for the College of Engineering and Computer Science, for Portland State University, and enjoys support from the City’s government and business leaders, as well as the congressional delegation. Additionally, this project is a priority for the legislature, which authorized $26.5 million in State Article XI-G bonds (the most ever for an OUS project) in 2001. All involved (key donors, government leaders, and industry executives) agree that the NWCEST is essential to the College meeting its goals to serve more students and build national distinction. The building will support faculty research, which is directly linked to economic growth for business and industry; serve as a magnet for business development, and provide incubator space for emerging technology companies; and promote sustainable economic vitality through the expanded partnerships and collaborations with industry and OHSU.

A focus of the College of Engineering and Computer Science is to build spires of excellence in areas directly related to the region’s economy. This building is key to furthering those goals. For example, it will house the Northwest Photovoltaic Technology Center, Biomechanics Research Center, Intelligent Transportation Systems Laboratory, Surface Quality Modeling Center, and Electronic Packaging Center. The links between engineering and science faculty in the currently identified signature research center – Multiscale Materials and Devices – will also be strengthened. Industry and the legislature, including the Oregon Council for Knowledge and Economic Development (OCKED), have identified the need for this research center and the NWCEST will leverage more research and physical space at PSU to support this effort.

This project will support PSU’s plan to double the number of engineering graduates by 2010. It will also expand research funding bringing new dollars to the state and stimulating the economy through employment. Furthermore, it will create jobs beyond the walls of the University and not just those associated with faculty and research employment. For example, we estimate that the total construction jobs created by this project will be about 350 full-time equivalent jobs and that this will be a 14-month construction project. Our goal is to have the building in place for student use in Fall 2005.
Southern Oregon University
$660,000 ETIC bond investment
$300,000 private support

Summary of Proposal:
SOU will use the capital funds to support the creation of a Center of Academic Excellence in Information Assurance Education and to establish a materials research facility at Southern Oregon University in support of the joint materials science Bachelor's degree with the University of Oregon. The additional investments will make the $40 million projects more effective by improving excellence and laboratory capacity in Materials Science and Information Assurance, thus increasing both the quality and quantity of our graduates.

This past academic year, Southern Oregon University has developed, implemented, and presented a complete undergraduate curriculum in Computer Security and Information Assurance. This program is one of the few undergraduate programs of its kind in the United States. At a recent meeting of the National Colloquium for Information Systems Security Education in Washington, D.C., we were strongly encouraged to apply for National Security Agency certification as a Center of Academic Excellence in Information Assurance Education. As a result, we are applying for NSA’s certification this year and are creating a Center for Information and Infrastructure Assurance Education. Improvement is needed in three areas: 1) faculty and student research, 2) teaching and laboratory facilities, and 3) library holdings in computer security and information assurance. The major challenge to promoting research and development in computer security and information assurance is lack of appropriate facilities. Therefore, we submit this proposal for CSIA laboratory and facility improvement in order to enhance our new program and attain NSA certification.

The proposed capital investment will also develop a materials research facility at SOU. The facility is intended to provide state-of-the-art materials research to the University; to train our students, especially those in pre-engineering and in the proposed Materials Science option; and to serve the regional industrial needs in Materials research and analysis. The facility will act as a focal point for recruiting, retaining, and producing students in engineering and other physical sciences. It will improve the research capability of SOU, provide additional training for our students, and improve the national ranking and reputation of SOU. The requested deposition system, AFM, XRD, and ICP will be the only unit of its kind within a 180-mile radius of SOU. Together with our existing equipment (NMR, TGA, FTIR, DSC, etc.), this facility will attract local industry collaborations in applied research and placement opportunities for our graduates and serve as a major recruiting point for students interested in the engineering and science who like to reside in the southern Oregon region.
University of Oregon (Material Science Institute)
$2,400,000 bond investment
$2,400,000 private support

Summary of Proposal:
Capital funds will be used to renovate laboratory space for new UO faculty and to provide matching funds for federal equipment proposals for materials characterization equipment. An ETIC capital investment would greatly facilitate the Materials Science Institute’s (MSI) achieving the aggressive goals outlined for it in the ETIC program budget for the upcoming biennium.

The long-term plan put forward by MSI to the University is to build a new 125,000 sq. ft. Integrative Science Building intimately connected to the existing science complex. This building would house our existing Center for Advanced Materials Characterization in Oregon (CAMCOR) facilities, a proposed nanofabrication facility, pre-incubator space for start-up companies, space for visiting faculty from OSU, PSU, and Pacific Northwest National Laboratory (PNNL), and space for approximately 25 faculty conducting materials and nanoscience research. The faculty would not be grouped by department, but organized into collaborative clusters to further spur interactions between the participants. It is estimated that this building will cost in the neighborhood of $50 million and will require at least several years of private fundraising to provide the required matching funds for proposed state bonds.

The equipment acquisition plans focus on the characterization and fabrication of new and existing materials. Upgrades of the current electron microprobe, scanning electron microscope, and electron beam writing facilities are planned along with the acquisition of several additional scanning probe microscopes that utilize different excitation and detection mechanisms.

The requested capital funds for renovation and equipment will continue the momentum of the MSI as it strives to enhance its national reputation as a top-tier materials program noted for its research excellence and impact, its innovative degree and graduate internship programs, and the quality and diversity of its graduate students. MSI’s graduates tend to remain in the Northwest, either working for Oregon industry or teaching in colleges or universities. The funds will also provide additional laboratory space and facilities enabling MSI to significantly increase the number of graduate students working towards a Ph.D. degree, perhaps by as much as 20 percent.
Western Oregon University
$90,000 bond investment
$30,000 private support

Summary of Proposal:
A particular challenge to the Computer Science departments in days of shrinking budgets is maintaining up-to-date hardware for both faculty use and student labs. This proposal has two components. The first is to upgrade aging hardware for faculty use and the second is to build a network laboratory. For these two components, WOU is submitting a proposal for $90,000 for the biennium.

Upgrading the hardware for faculty includes a rotation to replace desk machines and rewiring the network infrastructure of the third floor of the Instructional Technology Center (ITC), which houses the Computer Science division. In addition, it includes renewal of site licenses for software that are used in programming classes, a new, more reliable mail and web server for the department (cs.wou.edu), a new printer for the department, and covering the increased cost of monthly connection fees that will be assessed by University Computing Services for the rewiring.

There has been an ad hoc networking lab for several years. It is time to put together a more comprehensive facility that can handle an increase in students. As the Information Systems major grows in numbers, we find there are quarters where a networking class (IS major), a server administration class (IS major), and a parallel programming class (CS major) are competing for use of the same few machines. Developing the networking lab is driven also by a recent faculty hire whose area of expertise is networking and brings to us several years of industry experience in this area. Included in this component is the purchase of kits for small classroom Cisco labs, additional machines, cabling, and some additional furniture such as chairs, workbenches and server racks for the room.

The Information Systems major is growing rapidly. This major contains several classes related to server or database administration, and these classes require a lab containing machines with which students can experiment and over which they can have administrative rights. In addition, we have expanded our networking classes over the last three years. The quality of these classes increases if the students can have hands-on experience. We expect that the additional machines will allow us to continue to increase the number of students in these classes and to enhance the educational experience that these students have in these classes. Finally, we are not a Unix-based campus, but with the advent of Linux and, as more of our students express an interest in graduate school, we find we need to bring back our introductory Unix class, which went away along with our Sequent Balance three years ago. The additional machines will allow us to dedicate some to Linux.
COMMITTEE DISCUSSION AND ACTION:
Senior Vice Chancellor Anderes explained that the $20 million proposal is part of the Governor’s rebalance budget in support of capital expenditures in the ETIC initiatives. He provided a brief overview of each of the proposals submitted by institution campuses and the Oregon Graduate Institute and noted that OGI has legally been part of ETIC since its inception. He stated that ETIC voting members reviewed and unanimously supported the requests. This proposal isn’t part of the original $40 million proposal submitted by ETIC and is not for ongoing operating costs, although the allocations are roughly proportional to the original $40 million plan.

Dr. Anderes pointed out that the original docket erroneously listed SOU’s private match as $30,000, however, the correct amount was $300,000.

Director Lehmann asked for the rationale for spreading the dollars out among the institutions as opposed to concentrating them in certain areas. Chancellor Jarvis explained that the campuses were asked to submit their proposals to the ETIC board who then made the recommendation. He pointed out that the voting members of the ETIC board are industry members only.

Director Bassett opined that, when the legislators and Governor act like investors, OUS should reply with an investment response. He contended that the current response didn’t appear to be one of an investment approach as there is no purpose associated with it. He argued that it doesn’t come across as furthering the economic development strategy of the Board. Director Wustenberg concurred and suggested Chancellor Jarvis take this approach into consideration with future proposals.

It was moved by Director Bassett and seconded by Director Wustenberg to approve the ETIC proposals as submitted. Upon a roll call vote, those voting in favor of the motion: Directors Bassett, Lehmann, and Wustenberg. Those opposed: none.

3. ADJOURNMENT

Meeting adjourned at 11:00 a.m.
Aligning Public University Admission with K-12 Student Learning

Supplemental Materials

July 17, 2003
Oregon State Board of Higher Education

Appendix “B”
Managerial Reporting—Quarterly Reports

Budget and Finance
Supplemental Materials

July 18, 2003
Oregon State Board of Higher Education

Appendix “C”
OSU Intercollegiate Athletics Department

Budget and Finance
Supplemental Materials

July 18, 2003
Oregon State Board of Higher Education
1. Summary of Significant Accounting Policies

Reporting Entity
These Financial Statements include the following funds of Athletics: The athletics budgetary account within the Education and General Funds (institutional funds subsidy), auxiliary enterprise funds, restricted funds, and renewal and replacement funds. These financial statements do not include capital construction funds of Athletics, Beaver Athletic Club funds at the OSU Foundation, or any other OSU Foundation funds for the benefit of Athletics.

The fiscal status reports of prior years, which presented a reconciliation of ending fund (deficit), did not include the renewal and replacement funds of Athletics.

Financial Statement Presentation
The financial statement presentation, which closely follows the requirements of GASB 35, provides a comprehensive, entity-wide perspective of Athletics' assets, liabilities, net assets, revenues, and expenses. As stated above, the financial information of Athletics' capital construction funds is not included in these financial statements and the statement of cash flows, required by GASB 35 is omitted.

The financial statement captions mirror those of the audited financial statements of OUS to provide for more consistent presentation and to make the statements more understandable.

Given the current focus on working capital, a separate section titled “Change in Working Capital” is presented on the face of the Summary of Operations. This reconciliation is intended to provide more detailed information on the effect of operations on working capital.

Basis of Accounting
The financial statements of Athletics are presented using the economic resources measurement basis and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred.

Working Capital
Working capital can be defined as the financial resources available to finance the day-to-day operations of an organization. Working capital has less to do with profitability, much more to do with cash flow. Working capital is calculated by subtracting total current liabilities from total current assets. Current assets are
cash and other assets expected to be converted into cash, sold, or consumed either in one year or in the operating cycle, whichever is longer. Current liabilities are the obligations that are reasonably expected to be liquidated either in one year, or in the operating cycle, whichever is longer.

**Capital Assets**
Capital assets are recorded at cost on the date acquired or at fair market value on the date donated. OUS policy is to capitalize equipment with unit costs of $5,000 or more and an estimated useful life of greater than one year. OUS also capitalizes additions and major improvements to buildings, infrastructure, and land improvements that significantly increase the economy or efficiency or extend the useful life of the structure. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method, with no estimated salvage value, over the estimated useful lives of the assets, generally 15-40 years for buildings, 10-20 years for infrastructure and land improvements, and 5-11 years for equipment.

**Deferred Revenue**
Deferred revenues include amounts received for season ticket sales relating to the subsequent fiscal year.

**Noncurrent Liabilities**
Noncurrent liabilities include principal amounts of bonds and notes payable that are payable beyond one year from the date of the Statement of Net Assets.

2. **Cash and Investments**
Cash and investments comprise Athletics’ cash balances (overdrafts) within the Student Activities Fund at the State Treasury. The Student Activities Fund comprises cash balances of all student fee funded activities of OSU. These funds are invested by the State Treasurer.

3. **Bonds and Notes Payable**
Athletics has the following types of bonds and notes payable:

**General Obligation Bonds**
**XI-F(1) Bonds**
Article XI-F(1) of the Oregon Constitution authorizes OUS to issue State of Oregon General Obligation Bonds to finance the construction of self-liquidating and self-supporting projects.
The scheduled maturities of the XI-F bonds related to Athletics are as follows:

<table>
<thead>
<tr>
<th>For the Year Ending June 30</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$216,959</td>
<td>$261,636</td>
<td>$478,595</td>
</tr>
<tr>
<td>2004</td>
<td>202,091</td>
<td>275,490</td>
<td>477,581</td>
</tr>
<tr>
<td>2005</td>
<td>187,451</td>
<td>290,130</td>
<td>477,581</td>
</tr>
<tr>
<td>2006</td>
<td>174,956</td>
<td>303,426</td>
<td>478,382</td>
</tr>
<tr>
<td>2007</td>
<td>162,218</td>
<td>313,264</td>
<td>475,482</td>
</tr>
<tr>
<td>2008-2012</td>
<td>625,251</td>
<td>1,621,857</td>
<td>2,247,108</td>
</tr>
<tr>
<td>2013-2017</td>
<td>540,960</td>
<td>1,011,505</td>
<td>1,552,465</td>
</tr>
<tr>
<td>2018-2022</td>
<td>46,743</td>
<td>904,090</td>
<td>1,550,833</td>
</tr>
<tr>
<td>Subtotals</td>
<td>2,756,629</td>
<td>4,981,398</td>
<td>7,738,027</td>
</tr>
<tr>
<td>Add: Accreted Interest Payable</td>
<td>2,216,408</td>
<td>(2,216,408)</td>
<td>-</td>
</tr>
<tr>
<td>Less: Unamortized Bond Discounts</td>
<td>(24,735)</td>
<td>-</td>
<td>(24,735)</td>
</tr>
<tr>
<td>Total</td>
<td>$4,948,302</td>
<td>$2,764,990</td>
<td>$7,713,292</td>
</tr>
</tbody>
</table>

Capital Leases
Athletics has entered into capital leases totaling $322,615 as of June 30, 2003.

4. Due to Other Funds
When Athletics’ cash overdraft within Student Activities Fund at the State Treasury nears the positive balances of all other student-fee-funded activities at OSU combined, Athletics borrows institutional funds to temporarily cover the shortfall. As of May 31, 2003, Athletics had borrowed $1.5 million to cover the overall shortfall. Interest is charged on these temporary borrowings.

OUS implemented GASB 35 during fiscal year ended June 30, 2002. To facilitate the implementation, some of those provisions directly impacted the accounting within the self-supporting activities of OUS, including Athletics. Those provisions included changing the accounting for purchases of capital assets from recording an expenditure to recording an asset. In addition, depreciation expense relating to all capital assets of Athletics was charged to operations for the first time in fiscal year ended June 30, 2002. The capital asset purchases did not affect fund balance (net assets) but did affect working capital. Recording depreciation had the opposite effect; the charge affected fund balance but did not affect working capital as it is a non-cash transaction.

In addition, in order to facilitate a more comprehensive financial reporting structure for self-supporting activities, the long-term debt relating to Athletics is being recorded on their Statements of Net Assets. This change is being made during the current fiscal year. The Statement of Net Assets at June 30, 2002, and May 31, 2003,
include the balance of Athletics’ long-term debt. This change affected working capital due to the classification of the current portion of the long-term debt.

Another change was the inclusion of the renewal and replacement funds within the financial statements. These funds are restricted for repair and alteration of buildings and replacement of equipment used in Athletics’ operations.

The following table summarizes the effect of the above items:

Fund (deficit) at June 30, 2002 (as previously reported)  ($4,684,091)

Adjustments to Reconcile to Working Capital:
  Capital assets purchased during FY 2002  (2,028,161)
  Depreciation expense charged during FY 2002  591,193
  Current portion of long-term debt at June 30, 2002  (478,595)
  Renewal and Replacement Funds at June 30, 2002  704,727
  Other  (4,138)

Working Capital at June 30, 2002  ($5,899,065)
Summary Statement of Net Assets
Optional Retirement Plan—Proposed Amendment

Budget and Finance
Supplemental Materials

July 18, 2003
Oregon State Board of Higher Education

Appendix “E”
Amendment No. 2  
Oregon University System Optional Retirement Plan  
Amended and Restated January 1, 1997

This Amendment by the Oregon State Board of Higher Education, hereinafter sometimes referred to as the “Board”, is made with reference to the following facts:

Effective May 17, 1996, the Employer adopted the OREGON STATE SYSTEM OF HIGHER EDUCATION OPTIONAL RETIREMENT PLAN (the “Plan”). Effective January 1, 1997, the Board adopted the amended and restated OREGON UNIVERSITY SYSTEM OF HIGHER EDUCATION OPTIONAL RETIREMENT PLAN (the “Plan”), which reserves to the Board the right to amend the Plan (Section 9.1 thereof). The Board has executed this second amendment for the purpose of amending the Plan in the manner hereinafter provided.

NOW, THEREFORE, the OREGON UNIVERSITY SYSTEM OPTIONAL RETIREMENT PLAN is hereby amended as follows:

I

Section 1 of the Plan is hereby amended in part as follows:

1.1 Account

“Account” means a Participant’s Participant Contribution Account, Employer Contribution Account, Rollover Account, Post-Tax Transfer Account, and Participant Post-Tax Contribution Account.” “Account” definition is deleted and replaced by specific account name definitions, as described in Sections 1.12, 1.14, 1.19, 1.20. All sections from 1.1 to 1.28 are renumbered.

1.5 Deemed Cash-Out

Forfeiture of non-vested funds in a Participant’s Employer Contribution Account is a “deemed cash-out.”

1.9 Eligible Employee

“Eligible Employee” means any administrative or academic Employee who is eligible for membership in the Oregon Public Employees’ Retirement System (“OPERS”). The Eligible Employee must work in a qualifying position or series of positions that total at least 600 hours per year. For an academic year, 9-month appointment, 600 hours is at least 0.4 FTE; (if a 9-month employee) or 0.3 FTE (if for a 12-month employee). appointment, 600 hours is 0.3 FTE.
1.14 **Forfeiture Account**

“Forfeiture Account” means the ORP Forfeiture Account held in trust by the Plan Trustees, including account balances returned to the Plan through “Deemed Cash-Out” or other forfeiture events.

1.19 **Participant**

“Participant” means any Eligible Employee who qualifies for participation pursuant to Section 2. **Effective August 1, 2003, a Participant’s status may be:**

a) “Active” while currently employed in a qualifying position;

b) “Inactive” if not actively at work in a qualifying position as described in Section 1.9, disabled, or terminated, and the Participant has not received a full disbursement of vested benefits; or

c) “Retired” if terminated from employment after reaching the Normal Retirement Date and has requested a disbursement of vested benefits, or participates in one of the Employer’s retirement incentive programs such as, but not limited to, the Early Retirement Incentive or Tenure Relinquishment programs. OPERS retirement does not confer retiree status on a Plan Participant.

A Participant shall cease to be a Participant when his or her benefit payments are completed.

II

Section 2.1 of the Plan is hereby amended in its entirety as follows:

2.1 **Eligibility for Participation**

Each Eligible Employee hired after the Plan Effective Date may elect to participate in the Plan, in lieu of active membership in the OPERS, within the first six (6) months of employment with the Employer. The election shall be effective on the first day of the month following a period of six (6) full calendar months of employment in a qualifying position, during which employment is not interrupted by more than thirty (30) consecutive working days.

Any Eligible Employee who is an active member of OPERS may elect to participate within one hundred eighty (180) days after the Effective Date of the Plan, effective as of the date of the election.
An Eligible Employee’s election to participate in this Plan is irrevocable upon receipt by the Employer. **An Eligible Employee’s irrevocable election to participate in the Plan applies to all subsequent employment as and, so long as the Participant is employed in an “Eligible Employee Classification,” by the Oregon University System, such Participant shall not be eligible for OPERS membership.** An “Eligible Employee Classification” is a class of Employees described in Section 1.9, without regard to that Section’s eligibility for OPERS membership provision. An Eligible Employee’s failure to elect participation in this Plan shall be deemed an irrevocable election to become or remain a member of OPERS.

Section 2.3 of the Plan is hereby amended in its entirety as follows:

**2.3 Reemployment after Termination**

In the event an Employee terminates employment with the Employer and is subsequently reemployed in an Eligible Employee Classification, such Employee’s original election, whether to participate in this Plan or to be a member of OPERS, shall remain in effect. **Upon re-employment, the Eligible Employee who has remained an Inactive Participant between periods of employment shall receive an Employer Contribution Rate based on the first date of Plan or OPERS participation.** In the event such an Employee is reemployed in other than an Eligible Employee Classification, such Employee shall no longer be eligible to participate in this Plan, and may instead be eligible for membership in OPERS. An Employee who is reemployed by the Employer and has not previously made an election regarding participation in this Plan shall be eligible to elect participation upon meeting the requirements of Section 2.1.

**III**

Section 3.6 of the Plan is hereby amended in part as follows:

**3.6 Maximum Contribution**

**a) General**

Notwithstanding any Plan provision to the contrary, the total Annual Additions made on behalf of any Participant for any Limitation Year beginning before January 1, 2002, will not exceed the lesser of $30,000 or 25% of the Participant’s Compensation for the year. The $30,000 limit will be adjusted in accordance with Code Section 415(c).

The total Annual Additions made on behalf of any Participant for any Limitation Year beginning on or after January 1, 2002, will not exceed the lesser of $40,000 or 100% of the Participant’s Compensation for the year. The $40,000 limit will be adjusted in accordance with Code Section 415(c)(3).
The 100% limit shall not apply to any contribution for medical benefits after separation from service (within the meaning of Code Section 401(h) or 419A(f)(2)), which is otherwise treated as an Annual Addition.

(e) Compensation
For purposes of this section, “Compensation” shall mean a Participant’s earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Employer, (including, but not limited to, compensation for services, tips and bonuses), and excluding the following:

Effective for Limitation Years beginning on or after January 1, 1998, “Compensation” shall include any elective deferral, as defined in Code Section 402(g)(3), and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includable in the Participant’s gross income by reason of Code Sections 125, 132(f)(4), or 457.

Prior to January 1, 1998, “Compensation” excludes the following:

(i) Employer contributions to a plan of deferred compensation which are not includable in the Participant’s gross income for the taxable year in which contributed, including contributions to a Code Section 457 plan, or Employer contributions under a simplified employee pension plan to the extent such contributions are deductible by the Participant, or any distributions from a plan of deferred compensation; and

(ii) other amounts which receive special tax benefits, or contributions made by the Employer (whether or not under a salary reduction agreement) toward the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludable from the gross income of the Participant).

Effective for Limitation Years beginning on or after January 1, 1998, “Compensation” shall include any elective deferral, as defined in Code Section 402(g)(3), and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includable in the Participant’s gross income by reason of Code Sections 125, 132(f)(4), or 457.

Sections 4.1, 4.2, and 4.8 of the Plan are hereby amended in their entirety as follows:

4.1 Types of Participant Accounts
All contributions shall be made to a Fund Sponsor which shall maintain the following types of Accounts for each Participant:

(a) Participant Contribution Account
(b) Employer Contribution Account
(c) Rollover Account
(d) Post Tax Transfer Account
(e) Participant Post Tax Contribution Account

4.2 Forfeiture Accounts

Assets in the Employer Contribution Accounts of non-vested Participants are forfeited upon termination of the Participants’ employment with the Employer. Forfeited amounts are temporarily maintained in segregated fixed income accounts by the Fund Sponsors until transferred to an ORP Forfeiture Account held in trust by the Plan Trustees. The ORP Forfeiture Account is an asset of the Plan.

Sections 4.2 through 4.9 are renumbered to 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9, 4.10.

4.9 Allocation of Forfeitures

As of the end of each Plan Year, amounts forfeited from an Employer Contribution Account pursuant to Section 6, if any, by any Participant shall be applied in the following order: to reinstate forfeitures pursuant to Section 6.2; to pay Plan expenses; and to reduce the next Employer contributions.

Sections 5.1, 5.2 and 5.4 of the Plan are hereby amended in part as follows:

5.1 Eligibility for Benefits

A Participant shall be eligible to receive a distribution of his or her Employer or Participant Contribution Accounts, to the extent vested, upon becoming Disabled, upon termination of employment with the Employer, or Plan termination. A Participant’s Beneficiary shall be eligible to receive a distribution of the remaining balance of the Participant’s vested Accounts upon the death of the Participant.

5.2 Benefit Commencement

(d) Deemed Cash-out

If a Participant terminates employment when the value of his or her vested Account balance is zero prior to fully vesting in the Employer Contribution
Account, the Participant shall be deemed to have received a distribution of such non-vested Employer Contribution Account balance upon termination of employment and shall no longer be a Participant. If the individual resumes employment with the Employer before losing credit for his or her prior Years of Service (as further described in Section 6.3), the Account balance will be restored to the amount of such Account balance on the date of the deemed distribution, in accordance with for purposes of Section 6.2 9.5.

5.4 Form of Payment

(b) Limitation on Forms of Payment

A retired, terminated, or Disabled Participant may elect a joint annuitant other than his or her spouse only if the percentage of benefits payable to the joint annuitant does not exceed the allowable percentage determined by the Fund Sponsor in accordance with applicable regulations. For distributions made before January 1, 2002, Proposed Treas. Reg. Section 1.401(a)(9)-2 (issued in 1987) requires that a certain percentage of the total benefit be provided to the Participant, determined as of the date payments are to commence under the Plan. For distributions made on or after January 1, 2002, final Treas. Reg. Section 1.401(a)(9)-6 (issued in 2002) limit the percentage of benefits payable to a nonspouse joint annuitant. A Participant must elect a form of payment under which payments will be completed within the Participant’s and Beneficiary’s lifetimes or over a period certain not longer than their life expectancies.

Section 5.6 of the Plan is hereby amended in its entirety as follows:

5.6 Minimum Required Distribution

The minimum required distributions shall commence no later than the Required Beginning Date, and shall consist of annual payments in amounts which constitute the minimum required distribution under Code Section 401(a)(9)(A)(ii).

(a) For distributions made before January 1, 2002, the minimum required distribution shall be determined by dividing the Participant’s remaining Account balance by the Participant’s life expectancy or the joint life expectancy of the Participant and his or her designated Beneficiary, in accordance with Proposed Treas. Reg. Sections 1.401(a)(9)-1 and 2 issued in 1987. If the minimum required distribution is paid over the Participant’s life expectancy or the joint life expectancy of the Participant and his or her spouse, the life expectancies may be recalculated annually.

(b) For distributions made on or after January 1, during 2002, the minimum required distribution shall be determined by dividing the Participant’s remaining Account balance by the Participant’s applicable distribution period provided in Proposed Treas. Reg. Section 1.401(a)(9)-5. More generally, the
Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with Proposed Treas. Reg. Sections 1.401(a)(9)-1 through 8 issued in January 2001, notwithstanding any provision of the Plan to the contrary. This paragraph shall continue in effect until the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date specified in guidance published by the Internal Revenue Service.

(c) For distributions made on or after January 1, 2003, the minimum required distribution shall be determined by dividing the Participant’s remaining account balance by the Participant’s applicable distribution period provided in Treas. Reg. Section 1.401(a)(9)-5. More generally, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with Treas. Reg. Sections 1.401(a)(9)1 through – 9, issued in April 2002, notwithstanding any provision of the Plan to the contrary.

Any amount remaining in the Account upon the death of the Participant shall be paid to the Participant’s Beneficiary in accordance with Section 5.7.

Section 5.7 of the Plan is hereby amended in part as follows:

5.7 Death Benefits

(a) Benefit Commencement

(ii) Death after Benefit Commencement
(for distributions during on or after January 1, 2002)

If the Participant dies after a complete or partial distribution of his or her Account has begun, and the Participant has a designated Beneficiary, as defined in Proposed Treas. Reg. Section 1.401(a)(9)-4, the remaining portion of the Account will be paid over a period that does not exceed the remaining life expectancy of the designated Beneficiary. If the Participant does not have a designated Beneficiary as of the last day of the calendar year following the calendar year of the Participant’s death, the remaining portion of the Account will be paid over a period that does not exceed the life expectancy of the Participant as of the Participant’s birthday in the calendar year of the Participant’s death.

(iii) Death after Benefit Commencement (for distributions on or after January 1, 2003)

If the Participant dies after a complete or partial distribution of his or her account has begun, and the Participant has a designated beneficiary, as defined in the Treas. Reg. Section 1.401(a)(9)-4 (2002
regulations), the remaining portion of the account will be paid over a period that does not exceed the longer of (a) the remaining life expectancy of the participant, or (b) the remaining life expectancy of the designated beneficiary. If the Participant does not have a designated beneficiary as of the date determined under Treas. Reg. Section 1.401(a)(9)-4, the remaining portion of the account will be paid over a period that does exceed the life expectancy of the participant using the age of the participant as of the participant birthday in the calendar year of participant death.

(iv) **Death before Benefit Commencement or after Partial Distribution (for distributions before January 1, 2002)**

Renumbered to (iv).

(v) **Death before Benefit Commencement or after Partial Distribution (for distributions during or after January 1, 2002)**

Renumbered to (v), and title changed

(vi) **Death before Benefit Commencement or after Partial Distribution (for distributions on or after January 1, 2003)**

The Participant (or designated Beneficiary) may elect whether the five-year rule under Code Section 401(a)(9)(B)(ii) or the life expectancy rule under Code Section 401(a)(9)(B)(iii) applies if the Participant dies prior to commencing distribution of his or her Account, or after receiving a partial distribution (but before commencing distribution of the remaining Account balance), and the Participant has a designated Beneficiary, as defined in Treas. Reg. 1/401(a)(9)-4. Under the five-year rule, the remaining Account balance will be distributed to the designated Beneficiary within five (5) years of the Participant’s death. Under the life expectancy rule, the remaining Account balance will be distributed to the designated Beneficiary over a period that does not exceed the remaining life expectancy of the designated Beneficiary.

The election must be made no later than the earlier of (A) the end of the calendar year immediately following the calendar year in which the Participant died, or, if the sole designated Beneficiary is the Participant’s spouse, the end of the calendar year in which the Participant would have attained age 70½, if later, or (B) the end of the calendar year which contains the fifth (5th) anniversary of the date of the Participant’s death. The election must be irrevocable with respect to the Beneficiary and all subsequent Beneficiaries and must apply to all subsequent calendar years.
If neither the Participant nor the Beneficiary makes the election, then distribution of the remaining Account balance will be made as follows:

(A) If the Participant has a designated Beneficiary as of the last day of the calendar year following the calendar year of the Participant’s death, the remaining Account balance will be paid over a period that does not exceed the life expectancy of the designated Beneficiary.

(B) If the Participant has no designated Beneficiary as of the last day of the calendar year following the calendar year of the Participant’s death, the remaining Account balance will be distributed within five (5) years of the Participant’s death.

Section 5.8 of the Plan is hereby amended in part as follows:

5.8 Direct Rollovers
   (c) Modification of Definition of Eligible Retirement Plan (title format only)
   
   (d) Modification of Definition of Eligible Rollover Distribution to Include After Tax Employee Contributions

This paragraph shall apply to distributions made after December 31, 2001. For purposes of the direct rollover provisions in Section 5.8, a portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after tax Employee contributions which are not includable in gross income. However, such portion may be paid only to an individual retirement account or annuity described in Code Section 408(a) or (b), or to a qualified defined contribution plan described in Code Section 401(a) or 403(a) that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includable in gross income and the portion of such distribution which is not so includable.

VI

Section 6.1 of the Plan is hereby amended in part as follows:

6.1 Vesting
   
   (b) Employer Contribution Account

   Each Participant shall earn a vested, non-forfeitable right to his or her Employer Contribution Account based on his or her Years of Service in accordance with the following table:
In addition, each Participant shall have a one hundred percent (100%) vested, non-forfeitable right to his or her Employer Contribution Account upon death, becoming Disabled or the attainment of age fifty (50), or the attainment of his or her Normal Retirement Date, provided he or she is an Employee on such date. A Participant who commenced employment with the Employer at or after age fifty (50) shall be one hundred percent (100%) vested. A Participant who dies within one hundred twenty (120) days of the Participant’s last day of paid employment with the Employer or while on an Employer approved leave of absence shall be one hundred percent (100%) vested upon death.

Section 6.2 of the Plan is hereby amended in its entirety as follows:

6.2 Forfeitures

(a) General

In the event a Participant terminates employment prior to becoming one hundred percent (100%) vested in his or her Employer Contribution Accounts, the nonvested portion shall be forfeited upon the date the Participant receives a distribution from the Plan of the Participant’s total vested benefit.

The amount forfeited shall equal the nonvested balance as of the calendar month—Valuation Date coinciding with or next following termination of employment.

If a previously terminated Employee returns to service with the Employer after receiving a distribution but before five (5) years have lapsed since the Employee’s date of termination, the amount forfeited shall be restored to the Participant’s Account as of the last day of the Plan Year in which the Participant returns to service.

(b) Assets to restore amounts forfeited shall be taken first from current Forfeitures Accounts. In the event that current year forfeitures balances held in the ORP Forfeiture Account are inadequate to fully reinstate the Employer Contribution Account, the Employer shall make a contribution in addition to the contributions required under Section 3 equal to the balance necessary to fully reinstate the Employer Contribution Account.

(i) If an Inactive Participant returns to service with the Employer before five (5) years have lapsed since the Employee’s date of termination, the amount forfeited shall be restored to the
Participant’s Employer Contribution Account as of the month following the date in which the Participant returns to a qualifying position with the Employer.

(ii) If an Inactive Participant returns to service with the Employer more than five (5) years after termination, the amount forfeited shall not be restored.

If a terminated Participant is reemployed more than five (5) years after the Employee’s prior termination date, the amount forfeited shall not be restored.

(c) Deemed Cash-out

If a Participant terminates when his or her vested Account balance is zero employment prior to fully vesting in the Employer Contribution Account, the Participant shall be deemed to have received a distribution of such non-vested Employer Contribution Account balance upon termination of employment for purposes of Section 6.2 9.5, and shall no longer be a Participant.

IN WITNESS WHEREOF, the Employer has caused this Amendment #2 to be executed as of August 1, 2003.

For the Oregon State Board of Higher Education

Date: _______________________________________

___________________________________________

Thomas K. Anderes, Senior Vice Chancellor
Finance and Administration
Academic Year Fee Book 2003-04
Tuition & Fees and Other Fee Policies

Background of Fee Policy and Summary of Proposed Changes to Fees and Policies

Supplemental Materials

July 18, 2003
Oregon State Board of Higher Education

Appendix “F”
Staff Report to the Board

There are three basic tuition and fee structures by which students may be assessed at OUS institutions: the regular academic year, summer session, and continuing education programs. The tuition and fees, attendant policies, and institutional housing rates submitted here for consideration relate only to the regular academic year. The fees are the mandatory enrollment fees students are assessed each term, including: tuition, building, resource, incidental and health fees. The housing section reflects contract policies and rates for dormitory housing. Under existing policy each of the three tuition structures is separate with its own unique rate setting process.

The Academic Year Fee Book contains the proposed fees and associated policies relating to all mandatory charges required of students enrolled within the regular, on-campus, academic year programs offered by the seven public universities and university centers of the Oregon University System. The Chancellor recommends the Board adopt these fees as submitted to the Board Budget and Finance Committee.

Tuition and fees represent the mandatory enrollment fees assessed all students in the regular academic year program of institutions. The mandatory enrollment fees are comprised of the following separate fees: Tuition, Resource, Building, Incidental, and Health Service fees.

Tuition is the largest of several components that make up the total tuition and fees amount. The revenue generated by each element of the tuition and fee schedule is dedicated to a specific purpose, independent of the other components.

The academic year tuition and fees proposed in this staff recommendation are the results of multiple decision-making processes. These processes include the Governor's budget recommendations, Board budget decisions, institution administration and student committee deliberations or student referendum/initiative. Summer session tuition and fees are recommended by each institution president and approved by the Board each year in December or January. Continuing education fees, which have been self-supporting and entrepreneurial in nature, are set at the campus level based on institution policies and market conditions.

Institutional Tuition Proposals for 2003-04 (Contained in the Draft Fee Book)

Background

At the March 21, 2003, Special Meeting the Board approved five recommendations concerning funding priorities, tuition, and enrollment planning for the 2003-2005
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 incorporated the mid-year tuition surcharges initiated in the 2002-03 academic year.

The Board 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 had to evaluate their financial conditions in light of several considerations including: 2001-2003 reductions; funding a 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.

In 2003, the Board approved proposed tuition plans submitted by the institutions for 2003-04 and 2004-05, which included statements of intent for continuing fee remission programs for financial aid. These plans were consistent with the Board’s ratification of incorporating the 2002-03 mid-year tuition surcharges into the tuition base of each institution. The tuition plans were based on the Governor’s Balanced Budget issued in January 2003, reduced by four percent for a “rainy day” fund.

The 2003-04 tuition proposals submitted to the Board in April for the various student categories varied widely by institution. Tuition increases for 2003-04 were measured against the annualized 2002-03 spring term tuition with the tuition surcharges. Resident undergraduate rate increases ranged from 0 to 8 percent; non-resident undergraduate rate increases ranged from 0 to 16 percent; resident graduate rate increases ranged from 3 to 16 percent; and non-resident graduate rate increases ranged from 0 to 30 percent.

Additionally, institutions reported that they were considering alternative ranges to the tuition plateau. Historically students have paid the same tuition as undergraduates from 12-18 credit hours and as graduates from 9-16 credit hours. With UO being approved to compress the plateau in 2002-03, other institutions are proposing similar changes.

The Chancellor was authorized to permit minor adjustments to the plans as deemed necessary and report these adjustments to the Board at the earliest opportunity.

Summary of 2003-04 Fee and Policy Changes (Contained in the Draft Fee Book)
Tuition: Tuition rates, shown on Schedule 1, generate revenues that apply toward support of the Education and General Services component of the expenditure budget. Tuition is part of the biennial budget funding package proposed by the Board and addressed by the Governor and the Legislature.

Tuition is assessed within undergraduate and graduate fee structures by resident and nonresident student classifications. The residency classification applies to all admitted students. Non-admitted students enrolling under the part-time student policy are assessed a fee appropriate to the level of the course taken, without regard to residency status.

The full-time tuition rate for undergraduates historically has been assessed for all credit hours between 12 and 18. The full-time tuition rate for graduates historically has been assessed for all credit hours between 9 and 16. The fees for eight credit hours or less are prorated for the hours enrolled. For 2003-04 the institutions of the Oregon University System have proposed various and substantial changes to the tuition plateau.

All institutions of the Oregon University System are proposing changes to the tuition structure. These changes are in three broad forms: compressing the traditional tuition plateau (OIT, SOU, WOU); replacing the plateau with a straight per credit hour tuition (EOU, PSU); and, implementing a modified per credit structure with a lesser per credit hour increment within a specified range of credit hours (OSU, UO).

The effect of the changes in tuition structure will be to: 1) begin to equalize tuition charges per credit hour between part-time and full-time students, and 2) increase tuition costs for full-time students who enroll for more than 12 credit hours. For resident students enrolled for 12 credit hours, proposed tuition rates changes will range from -2.2 to +8.0 percent. For students enrolled for 15 credits hours, proposed increases in tuition range from 3.4 to 27.2 percent.

In response to concerns raised by student representatives in recent discussions regarding the plateau changes, the Chancellor and institution presidents are proposing to defer implementation of the changes in tuition structure contained in the 2003-04 Draft Fee Book until January 2004. It is the intent of the institutions to further modify the tuition plateaus in the future at their own pace, if deemed necessary based on overall financial and enrollment planning at each institution.

The plateau changes as currently proposed in the Draft Fee Book would be effective beginning winter term of the 2003-04 academic year. All other changes in tuition rates, fee schedules, and housing rates would become effective for fall term 2003.

Building Fee: The building fee, summarized on Schedule 2, is the same for all institutions. The 2001 legislature approved a two-biennium plan to increase this rate above the previous $25 per term per student.

Appendix “F”
Senate Bill 327 amended ORS 351.170 to allow OUS to assess up to $35 per student per term in 2001-2003 and up to $45 per student per term in 2003-2005. This fee generates monies to finance the debt retirement for construction associated with student centers, health centers, and recreational facilities constructed through the issuance of Article XI-F(1) bonds. A pro rata fee is assessed on part-time students.

Resource Fee: Resource fee changes recommended by the institutions are described below and shown on Schedule 2. Resource fees provide funds for specific programs to assist with faculty, resource materials, equipment, and specialized services. The fees are assessed only to targeted student populations admitted to, or generally understood to be enrolled in specific programs; they are not paid by students in other programs who might incidentally take a course offered by one of these specified programs. Students enrolled under the part-time student fee policy are subject to the resource fees appropriate to the program area.

There are three categories of fees that have evolved in the development of the resource fee. These are: universal resource fees assessed every term to all students, such as the technology fees; program resource fees assessed every term to students in specific degree programs, such as the MBA Resource Fee; and one-time resource fees assessed only one time, such as matriculation fees assessed in the first term a student is admitted.

Technology fees provide revenue specifically targeted to improve computer related services and equipment to students. The fee setting process generally involves joint student and administration committees on campus to develop the recommendation for fee rates and allocation of the resulting revenue.

Similarly, most program resource fees provide additional services to students in specific degree programs with additional specialized services, improved equipment and other materials. They may replace previously assessed course fees. The fee recommendation generally is the result of joint administration and student participation in the process.

Matriculation fees are assessed one-time only in the first term of matriculation. They are normally established by an institution administration to replace a variety of other administrative fees such as support of student orientation programs, counseling and peer advisor programs and others.

Historically, the income from all such fees could not exceed 5 percent of the total state General Fund and tuition income for an institution. At the time the Resource Allocation Model (RAM) was adopted the institutions were given control of the tuition income generated by their respective enrollments. In addition, institutions were encouraged to develop differential tuition and be more market oriented. To that end, the 5 percent revenue limit has been removed to permit the institutions more freedom to pursue resource fees as programmatic and service differentials.
All institutions assess resource fees. Some institutions are proposing rate increases and/or new resource fees. All fee amounts shown are on a per-term basis unless otherwise noted. Most fees are prorated for part-time hours.

**Energy Surcharge:** New in 2001-02, the Energy Surcharge fees were authorized to address anticipated unprecedented price increases in electricity and natural gas. All but two institutions requested this fee authorization in 2001-02. For 2003-04, only two institutions are seeking continuation of the fee. This fee is to remain in effect until: the energy rates return to 2000-01 levels; sufficient outside financial assistance reduces the need for the fees; or if the rate increases become permanent, the surcharge is integrated into the base tuition rates.

**Incidental Fee:** Incidental fee changes are described below for each institution and summarized in Schedule 2. These fee recommendations are initially made by student committees on each campus, in accordance with a Board-approved incidental fee policy (OAR 580-010-0090).

In some instances the student committee recommendations are supported by general campus student referenda. The funds generated by this fee are, as specified by the OAR, to be used for "student union activities, educational, cultural, and student government activities, and athletic activities". The president of each institution reviews the student committee recommendations. Once satisfied with the proposal, the president submits the recommendation to the Chancellor for his review; the Chancellor in turn submits the proposal to the Board.

**Health Service Fee:** Institution recommendations for health service fees are described for each institution below and summarized in Schedule 2. This fee is used to support the student health services of each institution, which are operated as auxiliary services. Generally, rate increases reflect the institutions’ efforts to maintain the self-support nature of these services. Mandatory health insurance policies may be included in this fee by some institutions, which may be remitted with proof of other adequate insurance.

**Total Tuition and Fees:** The total tuition and fee rates for each institution are summarized in Schedule 3. This reflects the sum of tuition, building, incidental, health services, and technology/resource fees and any special purpose fees approved by the Board.

**INSTITUTIONAL SUMMARIES (Based on Proposals Contained in the Draft Fee Book)**

**Eastern Oregon University**
Tuition: EOU is eliminating the tuition plateau and will assess tuition at a per credit rate for all credit hours enrolled.

Appendix “F”
EOU will increase tuition for undergraduates enrolled for 15 credit hours to $1,290 per term, a 27.2 percent increase over the spring 2003 rate. Graduate tuition will increase by 1.3 percent for resident students enrolled for 12 credit hours to $2,400 per term and by 14.7 percent to $4,584 per term for nonresidents.

**Resource Fees:** EOU proposes no increase in its Technology Fee of $50 per term for all students. EOU proposes no increase to its one time Matriculation Fee of $100 for new students.

**Energy Surcharge:** EOU proposes no increase in its Energy Surcharge Fee of $20 per term for all students.

**Incidental Fees:** EOU proposes no increase in its incidental fees of $195 per term.

**Health Service/Insurance Fees:** EOU health services fees will remain at $99 per term. Students who can verify outside health insurance coverage may secure a $13.40 waiver of the health insurance portion of this fee.

**Total Tuition and Fees:** The total fees for EOU are increasing as follows: resident undergraduates by 20.2 percent to $1,699 per term; nonresident undergraduates by 20.2 percent to $1,699 per term; resident graduates by 1.4 percent to $2,809 per term; and, nonresident graduates by 13.6 percent to $4,993 per term.

**Oregon Institute of Technology**  
**Tuition:** OIT is compressing the tuition plateau. The tuition plateau will be 12-15 credit hours for undergraduates and 9-15 for graduates. OIT tuition will increase for resident undergraduates by 3.7 percent to $1,116 per term and nonresident undergraduates by 0.6 percent to $4,176 per term compared to spring 2003 rates. Tuition will decrease from spring 2003 rates for resident graduates by –4.6 percent to $1,845 per term and nonresident graduates by –4 percent to $3,393 per term.

OIT will increase tuition for the three medical technology programs previously conducted by the Oregon Health & Science University by 3.4 percent for residents and by 0.7 percent for non-residents. These are the Paramedic Education Certificate Program at $2,016 for residents and $2,640 for nonresidents; the Emergency Medical Technology Program (A.A.S. Degree) at $2,016 for residents and $2,640 for nonresidents; and the Clinical Laboratory Science/Medical Technology Program and Paramedic Bachelors Degree Program at $2,016 for residents and $3,660 for nonresidents. Student fees will remain at the same levels.

**Resource Fees:** OIT proposes no increase its Technology Resource Fee of $60 per term.

OIT proposes no increase in the Matriculation Fee of $100, to be paid one-time by new students for student orientation and related activities.

Incidental Fees: OIT incidental fees will remain at $159 per term.

Health Service/Insurance Fees: OIT health services fees will remain at $101 per term. Students who can verify outside health insurance coverage may secure a $13.40 waiver of the health insurance portion of this fee.

Total Tuition and Fees: The total fees for OIT are increasing as follows for undergraduates: resident undergraduates by 3.5 percent to $1,481 per term; nonresident undergraduates by 0.8 percent to $4,541 per term. Total fees for graduates are decreasing as follows: resident graduates by –3.5 percent to $2,210 per term; and, nonresident graduates by –3.3 percent to $3,758 per term.

OHSU Based Medical Technology Programs: The total tuition and fees of the three medical technology programs based on the OHSU campus are as follows: Paramedic AA and Education Certificate Program – resident $2,849 per term, non-resident - $3,472; and Clinical Laboratory Science/Medical Technology Program and Paramedic Bachelors Program – resident $2,899, non-resident $4,543 per term.

Oregon State University
Tuition: OSU is creating a modified slope tuition plateau for resident undergraduates, charging $25 per additional credit hour between 12 and 16 hours.

OSU Corvallis and Cascades campus will increase tuition for resident undergraduates enrolled for 15 credit hours to $1,239 per term, an increase of 10.7 percent at the Corvallis campus and 28.8 percent at the Cascades campus above spring 2003 rates. Nonresident undergraduate tuition will increase to $5,491 per term, a 15.7 percent increase at Corvallis and 19.6 percent at Cascades. Graduate tuition for students enrolled for 12 credit hours will increase to $2,713 per term for residents, a 13.1 percent increase at Corvallis and 21 percent at Cascades and to $4,792 per term for nonresidents, a 13.6 percent increase at Corvallis and 18 percent at Cascades.

Pharmacy tuition will increase by 14.4 percent to $3,278 per term for residents and by 14.9 percent to $6,900 per term for nonresidents. Veterinary Medicine tuition will increase by 16.1 percent to $4,528 for residents and by 15.6 percent to $9,019 for nonresidents.

Resource Fees: OSU is creating new fees in four areas and proposing to increase two of its existing resource fees.

The Technology Fee will remain at $100 per term to address technology needs of students.
OSU is creating new fees as follows: $100 per term for students in Art, $35 per term for graduate students in Interdisciplinary Studies, $50 for students in Education, and $250 per term for students in Pharmacy.

Fees for undergraduate Business students will increase $30 per term to $130, and fees will increase by $92 per term to $192 for Pre-Engineering and by $280 per term to $430 for all other Engineering students.

The one-time matriculation fee assessed to all new undergraduates will increase from $150 to $300 and from $150 to $175 for graduate students.


Incidental Fees: OSU incidental fees will increase from $153 to $170 per term at the Corvallis Campus and from $103 to $125 at the Cascades Campus.

Health Service Fees: OSU health services fees will increase $6 to $94 per term to cover inflation.

Total Tuition and Fees at the Corvallis Campus: The total tuition and fees (excluding resource fees) for OSU are increasing as follows: resident undergraduates by 10.2 percent to $1,648 per term; nonresident undergraduates by 15.2 percent to $5,900 per term; resident graduates by 12.5 percent to $3,122 per term; and, nonresident graduates by 13.2 percent to $5,201 per term.

Other program tuition and fees are increasing as follows: Pharmacy residents by 21.4 percent to $3,937 per term including the new resource fee; Pharmacy nonresident by 18.5 percent to $7,559 per term including the new resource fee; Veterinary Medicine residents by 15.5 percent to $4,937 and Veterinary Medicine nonresidents by 15.3 percent to $9,428.

Cascades Campus: Total tuition and fees (excluding resource fees) are increasing as follows: resident undergraduates by 25.8 percent to $1,509 per term; nonresident undergraduates by 19.3 percent to $5,761 per term; resident graduates by 20.3 percent to $2,983 per term; and, nonresident graduates by 17.8 percent to $5,062 per term.

Portland State University
Tuition: PSU is eliminating the tuition plateau and will assess tuition at a per credit rate for all credit hours enrolled.

PSU will increase tuition by 22.2 percent for resident undergraduates enrolled for 15 credit hours to $1,320 per term and nonresident undergraduates by 9.7 percent to $4,620 per term above spring 2003 rates. Graduate tuition will increase by 20.2 percent to $2,640 per term for residents and by 70.5 percent to $6,600 per term for nonresidents.
Resource Fees: PSU proposes to add one new resource fee, to increase two other resource fees, and to add a $5 per term student service fee for each student.

The Technology Fee for undergraduates will remain at $60 per term and for graduate students will remain at $63 per term.

PSU is creating a new Speech and Hearing Resource Fee of $250 per term. The School of Business resource fee for undergraduate students will increase from $50 to $100 per term and from $150 to $350 for graduate students. The Engineering program fees will increase from $170 to $250 per term.

The one-time Matriculation Fee will remain at $150.

Incidental Fees: PSU incidental fees will remain at $131 per term.

Health Service Fees: PSU health services fees are being increased $5 to $110 per term.

Total Tuition and Fees: The total fees for PSU are increasing as follows: resident undergraduates by 18.4 percent to $1,671 per term; nonresident undergraduates by 9.5 percent to $4,971 per term; resident graduates by 18.3 percent to $2,994 per term; and, nonresident graduates by 65.4 percent to $6,954 per term.

Southern Oregon University
Tuition: SOU is compressing the tuition plateau. The tuition plateau will be 12-16 credit hours for undergraduates and 9-14 for graduates.

SOU will increase tuition above spring 2003 rates by 3.4 percent for resident undergraduates to $1,046 per term. Nonresident undergraduate tuition will increase by 8.3 percent to $3,936 per term. Graduate tuition will increase 9.2 percent to $2,102 per term for residents and by 7.3 percent to $3,852 per term for nonresidents.

Resource Fees: The Technology Fee will remain at $50 per term.

SOU is creating one new resource fee for students in the Masters of Applied Psychology - Human Services Track of $300 per term and the Masters of Teaching fee will be capped at $120 per term compared to $180 previously.

SOU’s one-time Matriculation Fee assessed to all new students will increase by $50 to $125.

Incidental Fees: SOU incidental fees are decreasing by $1.50 to $144 per term.
Health Service/Insurance Fees: SOU basic health services fees will increase by $5.50 to $86 per term to cover inflation and other operating costs. Student health insurance will drop from $16 to $13.40 for a total fee of $99.40. Students who can verify outside health insurance coverage may secure a $13.40 waiver of the health insurance portion of this fee.

Total Tuition and Fees: The total basic tuition and fees for SOU are increasing as follows: resident undergraduates by 3.4 percent to $1,384.40 per term; nonresident undergraduates by 7.9 percent to $4,274.40 per term; resident graduates by 8.4 percent to $2,440.40 per term; and, nonresident graduates by 6.9 percent to $4,190.40 per term.

University of Oregon
Tuition: UO is creating a modified slope tuition plateau for all undergraduates, charging $20 per additional credit hour between 14 and 16 hours for residents and $60 per additional credit hour for non-residents. The additional per credit hour charge at 17 hours is $50 for residents and $200 for non-residents and at 18 hours, $80 for residents and $380 for non-residents.

The base tuition rates will increase above the spring 2003 rates for undergraduates enrolled for 15 credit hours and graduates enrolled for 12 credit hours as follows: resident undergraduate tuition will increase 5.9 percent to $1,236 per term; nonresident undergraduate tuition will increase 4.4 percent to $5,229 per term; resident graduate tuition will increase 10 percent to $2,529 per term; and, nonresident graduate tuition will increase 0.5 percent to $4,121 per term. The UO will continue to offer late afternoon and early morning classes at 15 percent discount rates and has scheduled approximately 25 percent of undergraduate credit hours in a broad spectrum of courses to be at the discounted tuition rate. It will be possible for a large number of students to schedule the classes in a manner in which their tuition increase will be minimized.

Resource Fees: UO is proposing one new resource fee and increases in two of its existing resource fees.

The Technology Fee is remaining at $90 per term.

Pre-Business majors will be charged a new fee of $50 per term; all pre-majors are now assessed resource fees. Resource fees increased in two areas: from $40 to $50 per term for Multi-Media undergraduates and from $60 to $75 per term for Music students.

The Law Resources Fee will increase $400 to $3,170 per semester.

The Matriculation Fee will remain at $250 for undergraduates and $150 for graduate, law, and post baccalaureate students to be assessed in the first term matriculated.
Energy Surcharge: UO proposes to reduce its Energy Surcharge Fee by $10 to $20 per term for all students.

Incidental Fees: Incidental fees are increasing $6 to $172.75 per term.

Health Service Fees: UO health services fees will remain at $99 per term to maintain basic student health center operations.

Recreational Center Fee: The UO Recreational Center Fee set by the Board remains at $15.25 per term.

Total Tuition and Fees: The total base tuition and fees for UO are increasing as follows: resident undergraduates by 4.6 percent to $1,693 per term; nonresident undergraduates by 4.1 percent to $5,686 per term; resident graduates by 8.5 percent to $2,986 per term; and, nonresident graduates by 0.6 percent to $4,578 per term. Total tuition and fees for the Law School are: residents will increase 11 percent to $7,601.50 and non-residents will increase 4.6 percent to $9,561.50.

**Western Oregon University**

Tuition: WOU is compressing the tuition plateau. The tuition plateau will be 12-15 credit hours for undergraduates and 9-12 for graduates.

WOU will increase tuition above spring 2003 rates by 8.0 percent for undergraduates to $1,080 per term and nonresident undergraduates by 4.1 percent to $3,835 per term. Graduate tuition will increase by 13.8 percent to $2,183 per term for residents and by 10.8 percent $3,931 per term for nonresidents.

Resource Fees: WOU proposes that its Technology Fee for all students remain at $70 per term.

The one-time Matriculation Fee will increase $5 to $90 assessed on all new and transfer students.


Incidental Fees: WOU incidental fees are increasing by $5 to $159 per term to cover inflation.

Health Service/Insurance Fees: WOU health services/insurance fees will remain at $81 per term.

Total Tuition and Fees: The total fees for WOU are increasing as follows: resident undergraduates by 7.1 percent to $1,435 per term; nonresident undergraduates by 4.1 percent to $4,190 per term; resident graduates by 12.4 percent to $2,538 per term; and, nonresident graduates by 10.2 percent to $4,286 per term.
Other Significant Policy Changes

Several policy changes are noted in Academic Year Fee Book under the Summary of Fee and Policy Changes of 2003-04. Below are highlighted the more significant of those changes.

**Full-time Student**: Modify the definition of full-time student to eliminate references to tuition plateaus.

**Part-time Student**: Modify the definition of part-time student to eliminate references to tuition plateaus.

**Over-time Student**: Delete this definition. It is no longer applicable.

**Closed Enrollment**: Delete this definition. It is no longer applicable.

**Campus Enrollments**: Delete this definition. It is no longer applicable.

**Self-Support Enrollments**: Delete this definition. It is no longer applicable.

**Cooperating Supervisor Teacher Program**: Change title to University/School Partnership Co-Pay Program. Set tuition benefit policy to 33 percent of the applicable tuition rate, as current contract agreements expire. Limit use of vouchers to the institution granting the voucher.

**Building Fee**: Revise Building Fee rate for 2003-04.

**Resource Fees**: Update Resource Fee list for 2003-04.


**OUS Educational Diversity Initiative**: Correct description to eliminate reference that race is not allowed in consideration of awards.

**Portland Teacher Program**: This program was inadvertently noted as being absorbed by the Educational Diversity Initiative in 1997 and scheduled to be phased out by 2002-03. This fee remission program is still active and is reinstated in the Academic Year Fee Book.

**Academic and Classified Staff Tuition**: This policy is modified to set the tuition rate at 25 percent of the resident undergraduate tuition rate of the teaching institution. The policy is clarified on student record requirements and treatment of courses taken for ‘Audit’.
Employee Family Member and Domestic Partner Tuition and Fees: This policy is modified to set the tuition rate at 25 percent of the resident undergraduate tuition rate of the teaching institution. The policy is clarified on student record requirements and treatment of courses taken for ‘Audit’.

Exam for Credit: The rate is changed to allow institutions to assess up to $80 per credit hour for which the exam for credit is approved.

Oregon College of Engineering and Computer Science: Tuition for courses at the Oregon College of Engineering and Computer Science will be set at the PSU Graduate per credit hour rate. Tuition for the Masters of Software Engineering will be $495 per credit hour.

Residence Hall and Food Service Charges: Institutional residence halls and food services operate as auxiliary services. As such, auxiliary fees and charges are to cover the cost of their operations. In recommending residence hall room and board charges for 2003-04, institution administrators estimated residence hall occupancy in relation to enrollment projections and present occupancy patterns.

Recommended changes for 2003-04 in room and board rates will increase between 5.0 and 8.7 percent.

Not covered by this action are rates for the Portland State University campus. Student Services Northwest, Inc., a private corporation, operates the residence halls at Portland State University and establishes the rates as specified in a service contract. The rates require approval by Portland State University officials.
# Schedule 1

## Tuition Recommendations Including Plateau Changes

### Full-Time Student

#### 2003-04 Academic Year Annual Amounts

<table>
<thead>
<tr>
<th>Institution</th>
<th>Undergraduate Resident - 12 hrs</th>
<th>Undergraduate Resident - 15 hrs</th>
<th>Undergraduate Nonresident - 15 hrs</th>
<th>Graduate Resident - 12 hrs</th>
<th>Graduate Nonresident - 12 hrs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EOU</strong></td>
<td>2,931</td>
<td>3,043</td>
<td>3,043</td>
<td>7,110</td>
<td>11,985</td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>2,931</td>
<td>3,099</td>
<td>5.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>3,043</td>
<td>3,870</td>
<td>27.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>3,043</td>
<td>3,870</td>
<td>27.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>7,110</td>
<td>7,200</td>
<td>1.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>11,985</td>
<td>13,752</td>
<td>14.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OIT</strong></td>
<td>3,228</td>
<td>3,348</td>
<td>12,456</td>
<td>5,805</td>
<td>10,599</td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>3,228</td>
<td>3,348</td>
<td>3.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>3,228</td>
<td>3,348</td>
<td>3.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>12,456</td>
<td>12,528</td>
<td>0.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>5,805</td>
<td>5,535</td>
<td>-4.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>10,599</td>
<td>10,179</td>
<td>-4.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OSU</strong></td>
<td>3,357</td>
<td>3,492</td>
<td>14,241</td>
<td>7,197</td>
<td>12,654</td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>3,357</td>
<td>3,492</td>
<td>4.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>3,357</td>
<td>3,717</td>
<td>10.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>14,241</td>
<td>16,473</td>
<td>15.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>7,197</td>
<td>8,139</td>
<td>13.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>12,654</td>
<td>14,376</td>
<td>13.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PSU</strong></td>
<td>3,240</td>
<td>3,168</td>
<td>12,633</td>
<td>6,588</td>
<td>11,610</td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>3,240</td>
<td>3,168</td>
<td>-2.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>3,240</td>
<td>3,960</td>
<td>22.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>12,633</td>
<td>13,860</td>
<td>9.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>6,588</td>
<td>7,920</td>
<td>20.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>11,610</td>
<td>19,800</td>
<td>70.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SOU</strong></td>
<td>3,036</td>
<td>3,138</td>
<td>10,905</td>
<td>5,773</td>
<td>10,770</td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>3,036</td>
<td>3,138</td>
<td>3.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>3,036</td>
<td>3,138</td>
<td>3.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>10,905</td>
<td>11,808</td>
<td>8.3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>5,773</td>
<td>6,306</td>
<td>9.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>10,770</td>
<td>11,556</td>
<td>7.3%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Schedule 1
**Tuition Recommendations Including Plateau Changes**

### Full-Time Student

**2003-04 Academic Year Annual Amounts**

(continued)

<table>
<thead>
<tr>
<th></th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UO</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>3,204</td>
<td>3,312</td>
<td>3.4%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>3,501</td>
<td>3,708</td>
<td>5.9%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>15,030</td>
<td>15,687</td>
<td>4.4%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>6,900</td>
<td>7,587</td>
<td>10.0%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>12,306</td>
<td>12,363</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>WOU</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>3,000</td>
<td>3,240</td>
<td>8.0%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>3,000</td>
<td>3,240</td>
<td>8.0%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>11,052</td>
<td>11,505</td>
<td>4.1%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>5,757</td>
<td>6,549</td>
<td>13.8%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>10,644</td>
<td>11,793</td>
<td>10.8%</td>
</tr>
<tr>
<td><strong>OTHER (U at 15 hrs; Grad at 12 hrs)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIT EMT AAS Undergrad Resident</td>
<td>5,850</td>
<td>6,048</td>
<td>3.4%</td>
</tr>
<tr>
<td>OIT EMT AAS Undergrad Nonres</td>
<td>7,866</td>
<td>7,920</td>
<td>0.7%</td>
</tr>
<tr>
<td>OIT CLS/MT Undergrad Resident</td>
<td>5,850</td>
<td>6,048</td>
<td>3.4%</td>
</tr>
<tr>
<td>OIT CLS/MT Undergrad Nonres</td>
<td>10,926</td>
<td>10,980</td>
<td>0.5%</td>
</tr>
<tr>
<td>OIT Paramedic Ed Cert Resident</td>
<td>5,850</td>
<td>6,048</td>
<td>3.4%</td>
</tr>
<tr>
<td>OIT Paramedic Ed Cert Nonres</td>
<td>7,866</td>
<td>7,920</td>
<td>0.7%</td>
</tr>
<tr>
<td>OSU Pharmacy Resident</td>
<td>8,598</td>
<td>9,834</td>
<td>14.4%</td>
</tr>
<tr>
<td>OSU Pharmacy Nonresident</td>
<td>18,015</td>
<td>20,700</td>
<td>14.9%</td>
</tr>
<tr>
<td>OSU Vet Med Resident</td>
<td>11,697</td>
<td>13,584</td>
<td>16.1%</td>
</tr>
<tr>
<td>OSU Vet Med Nonresident</td>
<td>23,400</td>
<td>27,057</td>
<td>15.6%</td>
</tr>
<tr>
<td>UO Law Resident</td>
<td>6,896</td>
<td>7,582</td>
<td>9.9%</td>
</tr>
<tr>
<td>UO Law Nonresident</td>
<td>11,474</td>
<td>11,502</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

## Schedule 2
**Building, Incidental, Health Service, and Resources Fee Recommendations**

### Full-Time Student
### 2003-04 Academic Year Annual Amounts

<table>
<thead>
<tr>
<th>Section</th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Building Fee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Institutions</td>
<td>105.00</td>
<td>135.00</td>
<td>28.6%</td>
</tr>
<tr>
<td><strong>Incidental</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EOU</td>
<td>585.00</td>
<td>585.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>OIT</td>
<td>477.00</td>
<td>477.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>OSU</td>
<td>459.00</td>
<td>510.00</td>
<td>11.1%</td>
</tr>
<tr>
<td>PSU</td>
<td>131.00</td>
<td>131.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>SOU</td>
<td>436.50</td>
<td>432.00</td>
<td>-1.0%</td>
</tr>
<tr>
<td>UO</td>
<td>500.25</td>
<td>518.25</td>
<td>3.6%</td>
</tr>
<tr>
<td>WOU</td>
<td>462.00</td>
<td>477.00</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>Health Service Fee</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EOU</td>
<td>297.00</td>
<td>297.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>OIT</td>
<td>303.00</td>
<td>303.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>OSU</td>
<td>264.00</td>
<td>282.00</td>
<td>6.8%</td>
</tr>
<tr>
<td>PSU*</td>
<td>315.00</td>
<td>315.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>SOU</td>
<td>289.50</td>
<td>298.50</td>
<td>3.0%</td>
</tr>
<tr>
<td>UO</td>
<td>297.00</td>
<td>297.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>UO Law</td>
<td>297.00</td>
<td>297.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>WOU</td>
<td>243.00</td>
<td>243.00</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Resource Fees</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Fee - All</td>
<td>150.00</td>
<td>150.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>OIT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Fee - All</td>
<td>180.00</td>
<td>180.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>EMT AAS - All</td>
<td>255.00</td>
<td>255.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>CLS/MT - All</td>
<td>405.00</td>
<td>405.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Paramedic Ed Cert - All</td>
<td>255.00</td>
<td>255.00</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
### Schedule 2

#### Building, Incidental, Health Service, and Resources Fee Recommendations

**Full-Time Student**

*2003-04 Academic Year Annual Amounts (continued)*

<table>
<thead>
<tr>
<th></th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Fee - All</td>
<td>300.00</td>
<td>300.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Business Undergraduate</td>
<td>300.00</td>
<td>390.00</td>
<td>30.0%</td>
</tr>
<tr>
<td>MBA</td>
<td>1,050.00</td>
<td>1,050.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Pre-Engineering</td>
<td>300.00</td>
<td>576.00</td>
<td>92.0%</td>
</tr>
<tr>
<td>Engineering</td>
<td>450.00</td>
<td>1,290.00</td>
<td>186.7%</td>
</tr>
<tr>
<td>Art</td>
<td>300.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interdisciplinary Studies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>150.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Honors College 01-02</td>
<td>75.00</td>
<td>75.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Honors College 02-03</td>
<td>300.00</td>
<td>300.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Honors College 03-04</td>
<td>501.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharmacy</td>
<td>750.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PSU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology - Undergraduate</td>
<td>180.00</td>
<td>180.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Technology - Graduate</td>
<td>189.00</td>
<td>189.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Student Service Fee - All</td>
<td>15.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Undergraduate</td>
<td>150.00</td>
<td>300.00</td>
<td>100.0%</td>
</tr>
<tr>
<td>MBA</td>
<td>450.00</td>
<td>1,050.00</td>
<td>133.3%</td>
</tr>
<tr>
<td>Engineering</td>
<td>510.00</td>
<td>750.00</td>
<td>47.1%</td>
</tr>
<tr>
<td>Fine &amp; Performing Arts</td>
<td>150.00</td>
<td>150.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Speech &amp; Hearing Graduate</td>
<td></td>
<td>750.00</td>
<td></td>
</tr>
<tr>
<td>SOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Fee - All</td>
<td>150.00</td>
<td>150.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>MBA Resident</td>
<td>300.00</td>
<td>300.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>MBA Nonresident</td>
<td>450.00</td>
<td>450.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>M Management</td>
<td>480.00</td>
<td>480.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>M Mental Health Counseling</td>
<td>999.00</td>
<td>999.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>M Group Facilitation &amp; Training</td>
<td>900.00</td>
<td>900.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>M Human Services</td>
<td>900.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Science Undergraduate</td>
<td>60.00</td>
<td>60.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Business Undergraduate</td>
<td>45.00</td>
<td>45.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>MA Teaching</td>
<td>540.00</td>
<td>360.00</td>
<td>-33.3%</td>
</tr>
</tbody>
</table>

Appendix “F”
<table>
<thead>
<tr>
<th></th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Fee - All</td>
<td>270.00</td>
<td>270.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Registration Fee - All</td>
<td>45.00</td>
<td>45.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Rec/Fitness Ctr Bond Fee - All</td>
<td>45.75</td>
<td>45.75</td>
<td>0.0%</td>
</tr>
<tr>
<td>Pre-Business</td>
<td></td>
<td>150.00</td>
<td></td>
</tr>
<tr>
<td>Business</td>
<td>375.00</td>
<td>375.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>MBA</td>
<td>1,650.00</td>
<td>1,650.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Architecture</td>
<td>150.00</td>
<td>150.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Arts &amp; Science Undergraduate</td>
<td>120.00</td>
<td>120.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Science Undergraduate</td>
<td>210.00</td>
<td>210.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Computer Science</td>
<td>375.00</td>
<td>375.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Journalism &amp; Communications</td>
<td>225.00</td>
<td>225.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Multimedia Undergraduate</td>
<td>120.00</td>
<td>150.00</td>
<td>25.0%</td>
</tr>
<tr>
<td>Music</td>
<td>180.00</td>
<td>225.00</td>
<td>25.0%</td>
</tr>
<tr>
<td>Education</td>
<td>150.00</td>
<td>150.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Honors College 00-01</td>
<td>150.00</td>
<td>150.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Honors College 01-02</td>
<td>450.00</td>
<td>300.00</td>
<td>-33.3%</td>
</tr>
<tr>
<td>Honors College 02-03</td>
<td>1,200.00</td>
<td>450.00</td>
<td>-62.5%</td>
</tr>
<tr>
<td>Honors College 03-04</td>
<td></td>
<td>1,500.00</td>
<td></td>
</tr>
<tr>
<td>UO Law</td>
<td>5,540.00</td>
<td>6,340.00</td>
<td>14.4%</td>
</tr>
<tr>
<td>WOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Fee - All</td>
<td>210.00</td>
<td>210.00</td>
<td>0.0%</td>
</tr>
</tbody>
</table>
### Schedule 3
#### Total Tuition and Fees Recommendations

*Including Tuition Plateau Changes*

**Full-Time Student**

**2003-04 Academic Year Annual Amounts**

<table>
<thead>
<tr>
<th>Institution</th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>4,128</td>
<td>4,326</td>
<td>4.8%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>4,241</td>
<td>5,097</td>
<td>20.2%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>4,241</td>
<td>5,097</td>
<td>20.2%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>8,307</td>
<td>8,427</td>
<td>1.4%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>13,182</td>
<td>14,979</td>
<td>13.6%</td>
</tr>
<tr>
<td>OIT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>4,293</td>
<td>4,443</td>
<td>3.5%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>4,293</td>
<td>4,443</td>
<td>3.5%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>13,521</td>
<td>13,623</td>
<td>0.8%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>6,870</td>
<td>6,630</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>11,664</td>
<td>11,274</td>
<td>-3.3%</td>
</tr>
<tr>
<td>OSU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>4,485</td>
<td>4,719</td>
<td>5.2%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>4,485</td>
<td>4,944</td>
<td>10.2%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>15,369</td>
<td>17,700</td>
<td>15.2%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>8,325</td>
<td>9,366</td>
<td>12.5%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>13,782</td>
<td>15,603</td>
<td>13.2%</td>
</tr>
<tr>
<td>PSU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>4,233</td>
<td>4,206</td>
<td>-0.6%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>4,233</td>
<td>4,998</td>
<td>18.1%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>13,626</td>
<td>14,913</td>
<td>9.4%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>7,590</td>
<td>8,982</td>
<td>18.3%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>12,612</td>
<td>20,862</td>
<td>65.4%</td>
</tr>
<tr>
<td>SOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>4,017</td>
<td>4,113</td>
<td>2.4%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>4,017</td>
<td>4,113</td>
<td>2.4%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>11,886</td>
<td>12,823</td>
<td>7.9%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>6,754</td>
<td>7,321</td>
<td>8.4%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>11,751</td>
<td>12,571</td>
<td>7.0%</td>
</tr>
</tbody>
</table>
## Schedule 3
Total Tuition and Fees Recommendations
*Including Tuition Plateau Changes*
Full-Time Student
2003-04 Academic Year Annual Amounts
*(continued)*

<table>
<thead>
<tr>
<th></th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UO</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>4,557</td>
<td>4,683</td>
<td>2.8%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>4,854</td>
<td>5,079</td>
<td>4.6%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>16,383</td>
<td>17,058</td>
<td>4.1%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>8,253</td>
<td>8,958</td>
<td>8.5%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>13,659</td>
<td>13,734</td>
<td>0.5%</td>
</tr>
<tr>
<td><strong>WOU</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undergraduate Resident - 12 hrs</td>
<td>4,020</td>
<td>4,305</td>
<td>7.1%</td>
</tr>
<tr>
<td>Undergraduate Resident - 15 hrs</td>
<td>4,020</td>
<td>4,305</td>
<td>7.1%</td>
</tr>
<tr>
<td>Undergraduate Nonresident - 15 hrs</td>
<td>12,072</td>
<td>12,570</td>
<td>4.1%</td>
</tr>
<tr>
<td>Graduate Resident - 12 hrs</td>
<td>6,777</td>
<td>7,614</td>
<td>12.4%</td>
</tr>
<tr>
<td>Graduate Nonresident - 12 hrs</td>
<td>11,664</td>
<td>12,858</td>
<td>10.2%</td>
</tr>
<tr>
<td><strong>OTHER (U at 15 hrs; Grad at 12 hrs)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OIT Metro Under Resident</td>
<td>3,519</td>
<td>3,669</td>
<td>4.3%</td>
</tr>
<tr>
<td>OIT Metro Under Nonresident</td>
<td>12,747</td>
<td>12,849</td>
<td>0.8%</td>
</tr>
<tr>
<td>OIT Metro Grad Resident</td>
<td>6,096</td>
<td>5,856</td>
<td>-3.9%</td>
</tr>
<tr>
<td>OIT Metro Grad Nonresident</td>
<td>10,890</td>
<td>10,500</td>
<td>-3.6%</td>
</tr>
<tr>
<td>OIT EMT AAS Undergrad Resident</td>
<td>8,196</td>
<td>8,547</td>
<td>4.3%</td>
</tr>
<tr>
<td>OIT EMT AAS Undergrad Nonresident</td>
<td>10,212</td>
<td>10,419</td>
<td>2.0%</td>
</tr>
<tr>
<td>OIT CLS/MT Undergrad Resident</td>
<td>8,346</td>
<td>8,697</td>
<td>4.2%</td>
</tr>
<tr>
<td>OIT CLS/MT Undergrad Nonresident</td>
<td>13,422</td>
<td>13,629</td>
<td>1.5%</td>
</tr>
<tr>
<td>OIT Paramed Ed Cert Undergrad Res</td>
<td>8,196</td>
<td>8,547</td>
<td>4.3%</td>
</tr>
<tr>
<td>OIT Paramed Ed Cert Undergrad Nonres</td>
<td>10,212</td>
<td>10,419</td>
<td>2.0%</td>
</tr>
<tr>
<td><strong>OSU Bus Undergrad Resident</strong></td>
<td>4,875</td>
<td>5,394</td>
<td>10.6%</td>
</tr>
<tr>
<td><strong>OSU Bus Undergrad Nonresident</strong></td>
<td>15,759</td>
<td>18,150</td>
<td>15.2%</td>
</tr>
<tr>
<td><strong>OSU MBA Resident</strong></td>
<td>9,375</td>
<td>10,416</td>
<td>11.1%</td>
</tr>
<tr>
<td><strong>OSU MBA Nonresident</strong></td>
<td>14,832</td>
<td>16,653</td>
<td>12.3%</td>
</tr>
<tr>
<td><strong>OSU Pre-Engineering Und Resident</strong></td>
<td>4,785</td>
<td>5,520</td>
<td>15.4%</td>
</tr>
<tr>
<td><strong>OSU Pre-Engineering Und Nonresident</strong></td>
<td>15,669</td>
<td>18,276</td>
<td>16.6%</td>
</tr>
<tr>
<td><strong>OSU Engineering Undergrad Resident</strong></td>
<td>4,935</td>
<td>6,234</td>
<td>26.3%</td>
</tr>
<tr>
<td><strong>OSU Engineering Undergr Nonresident</strong></td>
<td>15,819</td>
<td>18,990</td>
<td>20.0%</td>
</tr>
<tr>
<td><strong>OSU Engineering Grad Resident</strong></td>
<td>8,775</td>
<td>10,656</td>
<td>21.4%</td>
</tr>
<tr>
<td><strong>OSU Engineering Grad Nonresident</strong></td>
<td>14,232</td>
<td>16,893</td>
<td>18.7%</td>
</tr>
</tbody>
</table>
### Schedule 3

**Total Tuition and Fees Recommendations**

*Including Tuition Plateau Changes*

**Full-Time Student**

2003-04 Academic Year Annual Amounts

(continued)

<table>
<thead>
<tr>
<th>Schedule 3</th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>OSU Art Und Resident</td>
<td>4,485</td>
<td>5,244</td>
<td>16.9%</td>
</tr>
<tr>
<td>OSU Art Und Nonresident</td>
<td>15,369</td>
<td>18,000</td>
<td>17.1%</td>
</tr>
<tr>
<td>OSU Art Grad Resident</td>
<td>8,325</td>
<td>9,666</td>
<td>16.1%</td>
</tr>
<tr>
<td>OSU Art Grad Nonresident</td>
<td>13,782</td>
<td>15,903</td>
<td>15.4%</td>
</tr>
<tr>
<td>OSU Interdisciplinary Grad Resident</td>
<td>8,325</td>
<td>9,471</td>
<td>13.8%</td>
</tr>
<tr>
<td>OSU Interdisciplinary Grad Nonresident</td>
<td>13,782</td>
<td>15,708</td>
<td>14.0%</td>
</tr>
<tr>
<td>OSU Education Undergrad Resident</td>
<td>4,485</td>
<td>5,094</td>
<td>13.6%</td>
</tr>
<tr>
<td>OSU Education Undergrad Nonresident</td>
<td>15,369</td>
<td>17,850</td>
<td>16.1%</td>
</tr>
<tr>
<td>OSU Education Grad Resident</td>
<td>8,325</td>
<td>9,516</td>
<td>14.3%</td>
</tr>
<tr>
<td>OSU Education Grad Nonresident</td>
<td>13,782</td>
<td>15,753</td>
<td>14.3%</td>
</tr>
<tr>
<td>OSU Honors Coll Und Res @01-02</td>
<td>4,560</td>
<td>5,019</td>
<td>10.1%</td>
</tr>
<tr>
<td>OSU Honors Coll Und Nonres @01-02</td>
<td>15,444</td>
<td>17,775</td>
<td>15.1%</td>
</tr>
<tr>
<td>OSU Honors Coll Grad Res @01-02</td>
<td>8,400</td>
<td>9,441</td>
<td>12.4%</td>
</tr>
<tr>
<td>OSU Honors Coll Grad Nonres @01-02</td>
<td>13,857</td>
<td>15,678</td>
<td>13.1%</td>
</tr>
<tr>
<td>OSU Honors Coll Und Res @02-03</td>
<td>4,785</td>
<td>5,244</td>
<td>9.6%</td>
</tr>
<tr>
<td>OSU Honors Coll Und Nonres @02-03</td>
<td>15,669</td>
<td>18,000</td>
<td>14.9%</td>
</tr>
<tr>
<td>OSU Honors Coll Grad Res @02-03</td>
<td>8,625</td>
<td>9,666</td>
<td>12.1%</td>
</tr>
<tr>
<td>OSU Honors Coll Grad Nonres @02-03</td>
<td>14,082</td>
<td>15,903</td>
<td>12.9%</td>
</tr>
<tr>
<td>OSU Honors Coll Und Res @03-04</td>
<td>4,485</td>
<td>5,445</td>
<td>21.4%</td>
</tr>
<tr>
<td>OSU Honors Coll Und Nonres @03-04</td>
<td>15,369</td>
<td>18,201</td>
<td>18.4%</td>
</tr>
<tr>
<td>OSU Honors Coll Grad Res @03-04</td>
<td>8,325</td>
<td>9,867</td>
<td>18.5%</td>
</tr>
<tr>
<td>OSU Honors Coll Grad Nonres @03-04</td>
<td>13,782</td>
<td>16,104</td>
<td>16.8%</td>
</tr>
<tr>
<td>OSU Pharmacy Resident</td>
<td>9,726</td>
<td>11,811</td>
<td>21.4%</td>
</tr>
<tr>
<td>OSU Pharmacy Nonresident</td>
<td>19,143</td>
<td>22,677</td>
<td>18.5%</td>
</tr>
<tr>
<td>OSU Vet Medicine Resident</td>
<td>12,825</td>
<td>14,811</td>
<td>15.5%</td>
</tr>
<tr>
<td>OSU Vet Medicine Nonresident</td>
<td>24,528</td>
<td>28,284</td>
<td>15.3%</td>
</tr>
<tr>
<td>OSU Cascades Campus Undergrad Res</td>
<td>3,600</td>
<td>4,527</td>
<td>25.8%</td>
</tr>
<tr>
<td>OSU Cascades Campus Und Nonres</td>
<td>14,484</td>
<td>17,283</td>
<td>19.3%</td>
</tr>
<tr>
<td>OSU Cascades Campus Grad Res</td>
<td>7,440</td>
<td>8,949</td>
<td>20.3%</td>
</tr>
<tr>
<td>OSU Cascades Campus Grad Nonres</td>
<td>12,897</td>
<td>15,186</td>
<td>17.7%</td>
</tr>
<tr>
<td>OSU Cascades Bus Undergrad Res</td>
<td>3,900</td>
<td>4,917</td>
<td>26.1%</td>
</tr>
<tr>
<td>OSU Cascades Bus Undergrad Nonres</td>
<td>14,784</td>
<td>17,673</td>
<td>19.5%</td>
</tr>
<tr>
<td>OSU Cascades Education Und Res</td>
<td>3,600</td>
<td>4,677</td>
<td>29.9%</td>
</tr>
<tr>
<td>OSU Cascades Education Und Nonres</td>
<td>14,484</td>
<td>17,433</td>
<td>20.4%</td>
</tr>
</tbody>
</table>
### Schedule 3

**Total Tuition and Fees Recommendations**

*Including Tuition Plateau Changes*

**Full-Time Student**

**2003-04 Academic Year Annual Amounts**

(continued)

<table>
<thead>
<tr>
<th>Program Description</th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSU Bus Undergrad Resident</td>
<td>4,383</td>
<td>5,313</td>
<td>21.2%</td>
</tr>
<tr>
<td>PSU Bus Undergrad Nonresident</td>
<td>13,776</td>
<td>15,213</td>
<td>10.4%</td>
</tr>
<tr>
<td>PSU Bus Grad Resident</td>
<td>8,040</td>
<td>10,032</td>
<td>24.8%</td>
</tr>
<tr>
<td>PSU Bus Grad Nonresident</td>
<td>13,062</td>
<td>21,912</td>
<td>67.8%</td>
</tr>
<tr>
<td>PSU Eng Und Resident</td>
<td>4,743</td>
<td>5,763</td>
<td>21.5%</td>
</tr>
<tr>
<td>PSU Eng Und Nonresident</td>
<td>14,136</td>
<td>15,663</td>
<td>10.8%</td>
</tr>
<tr>
<td>PSU Eng Grad Resident</td>
<td>8,100</td>
<td>9,732</td>
<td>20.1%</td>
</tr>
<tr>
<td>PSU Eng Grad Nonresident</td>
<td>13,122</td>
<td>21,612</td>
<td>64.7%</td>
</tr>
<tr>
<td>PSU Fine &amp; Perf Art Undergrad Res</td>
<td>4,383</td>
<td>5,163</td>
<td>17.8%</td>
</tr>
<tr>
<td>PSU Fine &amp; Perf Art Undergrad Nonres</td>
<td>13,776</td>
<td>15,063</td>
<td>9.3%</td>
</tr>
<tr>
<td>PSU Fine &amp; Perf Art Grad Resident</td>
<td>7,740</td>
<td>9,132</td>
<td>18.0%</td>
</tr>
<tr>
<td>PSU Fine &amp; Perf Art Grad Nonresident</td>
<td>12,762</td>
<td>21,012</td>
<td>64.6%</td>
</tr>
<tr>
<td>PSU Speech &amp; Hearing Grad Resident</td>
<td>7,590</td>
<td>9,732</td>
<td>28.2%</td>
</tr>
<tr>
<td>PSU Speech &amp; Hearing Grad Nonres</td>
<td>12,612</td>
<td>21,612</td>
<td>71.4%</td>
</tr>
<tr>
<td>SOU MBA Resident</td>
<td>7,054</td>
<td>7,621</td>
<td>8.0%</td>
</tr>
<tr>
<td>SOU MBA Nonresident</td>
<td>12,201</td>
<td>13,021</td>
<td>6.7%</td>
</tr>
<tr>
<td>SOU MM Resident</td>
<td>7,234</td>
<td>7,801</td>
<td>7.8%</td>
</tr>
<tr>
<td>SOU MM Nonresident</td>
<td>12,231</td>
<td>13,051</td>
<td>6.7%</td>
</tr>
<tr>
<td>SOU MHC Resident</td>
<td>7,753</td>
<td>8,320</td>
<td>7.3%</td>
</tr>
<tr>
<td>SOU MHC Nonresident</td>
<td>12,750</td>
<td>13,570</td>
<td>6.4%</td>
</tr>
<tr>
<td>SOU MGFT Resident</td>
<td>7,654</td>
<td>8,221</td>
<td>7.4%</td>
</tr>
<tr>
<td>SOU MGFT Nonresident</td>
<td>12,651</td>
<td>13,471</td>
<td>6.5%</td>
</tr>
<tr>
<td>SOU MHST Resident</td>
<td>6,754</td>
<td>8,221</td>
<td>21.7%</td>
</tr>
<tr>
<td>SOU MHST Nonresident</td>
<td>11,751</td>
<td>13,471</td>
<td>14.6%</td>
</tr>
<tr>
<td>SOU Science Undergrad Resident</td>
<td>4,077</td>
<td>4,213</td>
<td>3.3%</td>
</tr>
<tr>
<td>SOU Science Undergrad Nonresident</td>
<td>11,946</td>
<td>12,883</td>
<td>7.8%</td>
</tr>
<tr>
<td>SOU Business Undergrad Resident</td>
<td>4,062</td>
<td>4,198</td>
<td>3.4%</td>
</tr>
<tr>
<td>SOU Business Undergrad Nonresident</td>
<td>11,931</td>
<td>12,868</td>
<td>7.9%</td>
</tr>
<tr>
<td>SOU MA Teaching Resident</td>
<td>7,294</td>
<td>7,681</td>
<td>5.3%</td>
</tr>
<tr>
<td>SOU MA Teaching Nonresident</td>
<td>12,291</td>
<td>12,931</td>
<td>5.2%</td>
</tr>
<tr>
<td>UO Pre-Business Undergrad Resident</td>
<td>4,764</td>
<td>5,169</td>
<td>8.5%</td>
</tr>
<tr>
<td>UO Pre-Business Undergrad Nonres</td>
<td>16,383</td>
<td>17,208</td>
<td>5.0%</td>
</tr>
<tr>
<td>UO Business Undergrad Resident</td>
<td>5,229</td>
<td>5,454</td>
<td>4.3%</td>
</tr>
<tr>
<td>UO Business Undergrad Nonresident</td>
<td>16,758</td>
<td>17,433</td>
<td>4.0%</td>
</tr>
<tr>
<td>UO MBA Resident</td>
<td>9,903</td>
<td>10,608</td>
<td>7.1%</td>
</tr>
<tr>
<td>UO MBA Nonresident</td>
<td>15,309</td>
<td>15,384</td>
<td>0.5%</td>
</tr>
</tbody>
</table>

Appendix “F”
<table>
<thead>
<tr>
<th>Program</th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO Arch &amp; L Arch Undergrad Resident</td>
<td>5,004</td>
<td>5,229</td>
<td>4.5%</td>
</tr>
<tr>
<td>UO Arch &amp; L Arch Undergrad Nonres</td>
<td>16,533</td>
<td>17,208</td>
<td>4.1%</td>
</tr>
<tr>
<td>UO Arch &amp; L Arch Grad Resident</td>
<td>8,403</td>
<td>9,108</td>
<td>8.4%</td>
</tr>
<tr>
<td>UO Arch &amp; L Arch Grad Nonresident</td>
<td>13,809</td>
<td>13,884</td>
<td>0.5%</td>
</tr>
<tr>
<td>UO Arts &amp; Science Undergrad Resident</td>
<td>4,974</td>
<td>5,199</td>
<td>4.5%</td>
</tr>
<tr>
<td>UO Arts &amp; Science Undergrad Nonres</td>
<td>16,503</td>
<td>17,178</td>
<td>4.1%</td>
</tr>
<tr>
<td>UO Science Undergrad Resident</td>
<td>5,064</td>
<td>5,289</td>
<td>4.4%</td>
</tr>
<tr>
<td>UO Science Undergrad Nonresident</td>
<td>16,593</td>
<td>17,268</td>
<td>4.1%</td>
</tr>
<tr>
<td>UO Science Undergrad Resident</td>
<td>8,253</td>
<td>8,985</td>
<td>8.5%</td>
</tr>
<tr>
<td>UO Science Undergrad Nonresident</td>
<td>16,608</td>
<td>17,283</td>
<td>4.1%</td>
</tr>
<tr>
<td>UO Journ &amp; Comm Undergrad Resident</td>
<td>5,079</td>
<td>5,304</td>
<td>4.4%</td>
</tr>
<tr>
<td>UO Journ &amp; Comm Undergrad Nonresident</td>
<td>16,608</td>
<td>17,283</td>
<td>4.1%</td>
</tr>
<tr>
<td>UO Journ &amp; Comm Grad Resident</td>
<td>8,253</td>
<td>8,958</td>
<td>8.5%</td>
</tr>
<tr>
<td>UO Journ &amp; Comm Grad Nonresident</td>
<td>13,659</td>
<td>13,734</td>
<td>0.5%</td>
</tr>
<tr>
<td>UO Multimedia Undergrad Resident</td>
<td>4,974</td>
<td>5,229</td>
<td>4.3%</td>
</tr>
<tr>
<td>UO Multimedia Undergrad Nonresident</td>
<td>16,503</td>
<td>17,208</td>
<td>4.3%</td>
</tr>
<tr>
<td>UO Multimedia Grad Resident</td>
<td>8,253</td>
<td>8,958</td>
<td>8.5%</td>
</tr>
<tr>
<td>UO Multimedia Grad Nonresident</td>
<td>13,659</td>
<td>13,734</td>
<td>0.5%</td>
</tr>
<tr>
<td>UO Music Undergrad Resident</td>
<td>5,034</td>
<td>5,304</td>
<td>5.4%</td>
</tr>
<tr>
<td>UO Music Undergrad Nonresident</td>
<td>16,563</td>
<td>17,283</td>
<td>4.3%</td>
</tr>
<tr>
<td>UO Music Grad Resident</td>
<td>8,433</td>
<td>9,183</td>
<td>8.9%</td>
</tr>
<tr>
<td>UO Music Grad Nonresident</td>
<td>13,839</td>
<td>13,959</td>
<td>0.9%</td>
</tr>
<tr>
<td>UO Education Undergrad Resident</td>
<td>5,004</td>
<td>5,229</td>
<td>4.5%</td>
</tr>
<tr>
<td>UO Education Undergrad Nonresident</td>
<td>16,533</td>
<td>17,208</td>
<td>4.1%</td>
</tr>
<tr>
<td>UO Education Grad Resident</td>
<td>8,403</td>
<td>9,108</td>
<td>8.4%</td>
</tr>
<tr>
<td>UO Education Grad Nonresident</td>
<td>13,809</td>
<td>13,884</td>
<td>0.5%</td>
</tr>
<tr>
<td>UO Honors Coll. Res Undergr @00-01</td>
<td>5,004</td>
<td>5,229</td>
<td>4.5%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Undergr @00-01</td>
<td>16,533</td>
<td>17,208</td>
<td>4.1%</td>
</tr>
<tr>
<td>UO Honors Coll. Res Grad @00-01</td>
<td>8,403</td>
<td>9,108</td>
<td>8.4%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Grad @00-01</td>
<td>13,809</td>
<td>13,884</td>
<td>0.5%</td>
</tr>
<tr>
<td>UO Honors Coll. Res Undergr @01-02</td>
<td>5,304</td>
<td>5,379</td>
<td>1.4%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Undergr @01-02</td>
<td>16,833</td>
<td>17,358</td>
<td>3.1%</td>
</tr>
<tr>
<td>UO Honors Coll. Res Grad @01-02</td>
<td>8,703</td>
<td>9,258</td>
<td>6.4%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Grad @01-02</td>
<td>14,109</td>
<td>14,034</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>
Schedule 3
Total Tuition and Fees Recommendations
Including Tuition Plateau Changes
Full-Time Student
2003-04 Academic Year Annual Amounts
(continued)

<table>
<thead>
<tr>
<th></th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO Honors Coll. Res Undergr @02-03</td>
<td>6,054</td>
<td>5,529</td>
<td>-8.7%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Undergr @02-03</td>
<td>17,583</td>
<td>17,508</td>
<td>-0.4%</td>
</tr>
<tr>
<td>UO Honors Coll. Res Grad @02-03</td>
<td>9,453</td>
<td>9,408</td>
<td>-0.5%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Grad @02-03</td>
<td>14,859</td>
<td>14,184</td>
<td>-4.5%</td>
</tr>
<tr>
<td>UO Honors Coll. Res Undergr @03-04</td>
<td>4,854</td>
<td>6,579</td>
<td>35.5%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Undergr @03-04</td>
<td>16,383</td>
<td>18,558</td>
<td>13.3%</td>
</tr>
<tr>
<td>UO Honors Coll. Res Grad @03-04</td>
<td>8,253</td>
<td>10,458</td>
<td>26.7%</td>
</tr>
<tr>
<td>UO Honors Coll. Nonres Grad @03-04</td>
<td>13,659</td>
<td>15,234</td>
<td>11.5%</td>
</tr>
<tr>
<td>UO Law Resident</td>
<td>13,699</td>
<td>15,203</td>
<td>11.0%</td>
</tr>
<tr>
<td>UO Law Nonresident</td>
<td>18,277</td>
<td>19,123</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

Note: UO select undergraduate courses offered before 8a.m. and from 3p.m. and later provide a 15% tuition discount.
Schedule 4

Comparison of Basic Residence Hall Rates 2002-03 to 2003-04

The following are comparative samples of board and room rates for a basic dorm room with double occupancy and the student on a 19 meal per week plan. Each institution offers a variety of room and meal options at rates above and below those listed.

Please refer to the Academic Year Fee Book for a more definitive schedule of rates.

<table>
<thead>
<tr>
<th>Institution</th>
<th>2002-03</th>
<th>2003-04</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oregon University</td>
<td>5,450</td>
<td>5,775</td>
<td>6.0%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>5,645</td>
<td>6,135</td>
<td>8.7%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon State University</td>
<td>5,960</td>
<td>6,258</td>
<td>5.0%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>5,665</td>
<td>6,039</td>
<td>6.6%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Oregon</td>
<td>6,648</td>
<td>6,981</td>
<td>5.0%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>5,374</td>
<td>5,680</td>
<td>5.7%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Schedule 5 A
### Annual Tuition and Fees in Representative Institutions 2003-04*  
In Descending Order of Resident Undergraduate 2003-04 Rate  
Selected Comparator Public Colleges/Universities in the West  

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Year</th>
<th>Resident U/Grad</th>
<th>Nonresident U/Grad</th>
<th>Resident Grad</th>
<th>Nonresident Grad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oregon University*</td>
<td>2003-04</td>
<td>4,326</td>
<td>4,326</td>
<td>6,609</td>
<td>11,523</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,678</td>
<td>3,678</td>
<td>6,507</td>
<td>11,382</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>17.6%</td>
<td>17.6%</td>
<td>1.6%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>2003-04</td>
<td>4,305</td>
<td>12,570</td>
<td>7,614</td>
<td>12,858</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,720</td>
<td>11,772</td>
<td>6,372</td>
<td>11,169</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>15.7%</td>
<td>6.8%</td>
<td>19.5%</td>
<td>15.1%</td>
</tr>
<tr>
<td>Western Washington University</td>
<td>2003-04</td>
<td>4,182</td>
<td>12,954</td>
<td>5,694</td>
<td>16,221</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,717</td>
<td>11,901</td>
<td>5,277</td>
<td>15,495</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>12.5%</td>
<td>8.8%</td>
<td>7.9%</td>
<td>4.7%</td>
</tr>
<tr>
<td>Eastern Montana College</td>
<td>2003-04</td>
<td>4,180</td>
<td>11,540</td>
<td>4,814</td>
<td>12,174</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,800</td>
<td>10,382</td>
<td>4,366</td>
<td>10,948</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>10.0%</td>
<td>11.2%</td>
<td>10.3%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>2003-04</td>
<td>4,152</td>
<td>12,822</td>
<td>7,320</td>
<td>12,570</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,687</td>
<td>11,526</td>
<td>6,423</td>
<td>11,301</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>12.6%</td>
<td>11.2%</td>
<td>14.0%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Northern Arizona University</td>
<td>2003-04</td>
<td>3,596</td>
<td>12,116</td>
<td>3,796</td>
<td>8,124</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>2,586</td>
<td>11,106</td>
<td>2,586</td>
<td>11,106</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>39.1%</td>
<td>9.1%</td>
<td>46.8%</td>
<td>-26.9%</td>
</tr>
<tr>
<td>Eastern Washington University</td>
<td>2003-04</td>
<td>3,591</td>
<td>12,447</td>
<td>5,202</td>
<td>15,387</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,582</td>
<td>11,859</td>
<td>5,628</td>
<td>16,200</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>0.3%</td>
<td>5.0%</td>
<td>-7.6%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Boise State University</td>
<td>2003-04</td>
<td>3,252</td>
<td>9,972</td>
<td>3,930</td>
<td>10,650</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,472</td>
<td>9,872</td>
<td>4,118</td>
<td>10,518</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>-6.3%</td>
<td>1.0%</td>
<td>-4.6%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Southern Utah University</td>
<td>2003-04</td>
<td>2,794</td>
<td>8,158</td>
<td>3,756</td>
<td>11,442</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>2,350</td>
<td>7,344</td>
<td>2,496</td>
<td>8,036</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>18.9%</td>
<td>11.1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chico State University</td>
<td>2003-04</td>
<td>2,718</td>
<td>9,486</td>
<td>2,832</td>
<td>7,908</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>2,292</td>
<td>9,060</td>
<td>2,454</td>
<td>7,530</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>18.6%</td>
<td>4.7%</td>
<td>15.4%</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

* Oregon University System comparisons are based on 12 credit hours.
### Schedule 5 A

**Annual Tuition and Fees in Representative Institutions B 2003-04**

In Descending Order of Resident Undergraduate 2003-04 Rate

Selected Comparator Public Colleges/Universities in the West

(continued)

<table>
<thead>
<tr>
<th>Institution</th>
<th>2003-04</th>
<th>2002-03</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western State College Colorado</td>
<td>2,584</td>
<td>9,766</td>
<td>0</td>
</tr>
<tr>
<td>Western New Mexico University</td>
<td>2,500</td>
<td>9,064</td>
<td>0</td>
</tr>
<tr>
<td>%Change</td>
<td>3.4%</td>
<td>7.7%</td>
<td></td>
</tr>
<tr>
<td>University of Hawaii Hilo</td>
<td>2,470</td>
<td>9,022</td>
<td>2,614</td>
</tr>
<tr>
<td>%Change</td>
<td>9.2%</td>
<td>6.4%</td>
<td>11.4%</td>
</tr>
<tr>
<td>California State University Stanislaus</td>
<td>2,210</td>
<td>8,978</td>
<td>2,316</td>
</tr>
<tr>
<td>%Change</td>
<td>28.9%</td>
<td>5.8%</td>
<td>29.8%</td>
</tr>
</tbody>
</table>

*NOTE: - Many of the 2003-04 numbers are tentative pending approval by policy setting body.
- Oregon University System comparisons are based on 12 credit hours.*
## Schedule 5 B

**Selected Comparator Public Universities in the West**

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Year</th>
<th>Resident U/Grad</th>
<th>Nonresident U/Grad</th>
<th>Resident Grad</th>
<th>Nonresident Grad</th>
<th>%Change Resident</th>
<th>%Change Nonresident</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Colorado Boulder</td>
<td>2003-04</td>
<td>6,392</td>
<td>23,844</td>
<td>6,158</td>
<td>22,602</td>
<td>38.2%</td>
<td>32.1%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,624</td>
<td>18,046</td>
<td>5,194</td>
<td>13,180</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of California Berkeley</td>
<td>2003-04</td>
<td>5,502</td>
<td>18,512</td>
<td>6,078</td>
<td>17,656</td>
<td>31.0%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,200</td>
<td>15,702</td>
<td>4,430</td>
<td>15,752</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Washington State University</td>
<td>2003-04</td>
<td>5,330</td>
<td>13,164</td>
<td>6,332</td>
<td>15,514</td>
<td>8.9%</td>
<td>4.1%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,894</td>
<td>12,644</td>
<td>6,462</td>
<td>15,288</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Washington</td>
<td>2003-04</td>
<td>4,968</td>
<td>16,122</td>
<td>10,110</td>
<td>19,854</td>
<td>8.8%</td>
<td>5.6%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,566</td>
<td>15,267</td>
<td>6,438</td>
<td>15,630</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon State University</td>
<td>2003-04</td>
<td>4,719</td>
<td>17,475</td>
<td>9,366</td>
<td>15,603</td>
<td>17.6%</td>
<td>17.3%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,014</td>
<td>14,898</td>
<td>7,854</td>
<td>13,111</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Oregon</td>
<td>2003-04</td>
<td>4,683</td>
<td>15,519</td>
<td>8,958</td>
<td>13,734</td>
<td>6.3%</td>
<td>-2.6%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,404</td>
<td>15,933</td>
<td>7,893</td>
<td>13,299</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of California Santa Barbara</td>
<td>2003-04</td>
<td>4,629</td>
<td>18,561</td>
<td>4,869</td>
<td>18,033</td>
<td>-3.0%</td>
<td>5.4%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,770</td>
<td>17,616</td>
<td>5,553</td>
<td>16,872</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portland State University</td>
<td>2003-04</td>
<td>4,206</td>
<td>12,126</td>
<td>6,969</td>
<td>15,879</td>
<td>8.3%</td>
<td>-8.6%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,885</td>
<td>13,266</td>
<td>7,212</td>
<td>12,228</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Montana</td>
<td>2003-04</td>
<td>4,104</td>
<td>11,474</td>
<td>3,698</td>
<td>9,762</td>
<td>-2.1%</td>
<td>0.7%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>4,192</td>
<td>11,398</td>
<td>3,506</td>
<td>9,086</td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of California Davis</td>
<td>2003-04</td>
<td>4,004</td>
<td>12,990</td>
<td>4,424</td>
<td>12,314</td>
<td>29.7%</td>
<td>16.1%</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>3,088</td>
<td>11,186</td>
<td>3,270</td>
<td>10,818</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Oregon University System comparisons are based on 12 credit hours.
### Schedule 5 B
**Selected Comparator Public Universities in the West**

<table>
<thead>
<tr>
<th>University</th>
<th>2003-04</th>
<th>2002-03</th>
<th>%Change</th>
<th>2003-04</th>
<th>2002-03</th>
<th>%Change</th>
<th>2003-04</th>
<th>2002-03</th>
<th>%Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado State University</td>
<td>3,744</td>
<td>14,216</td>
<td>3.2%</td>
<td>4,186</td>
<td>14,792</td>
<td>10.1%</td>
<td>3,628</td>
<td>12,926</td>
<td>3.9%</td>
</tr>
<tr>
<td>University of Arizona</td>
<td>3,604</td>
<td>12,374</td>
<td>38.9%</td>
<td>3,854</td>
<td>12,624</td>
<td>-16.5%</td>
<td>2,594</td>
<td>11,114</td>
<td>10.0%</td>
</tr>
<tr>
<td>Arizona State University</td>
<td>3,596</td>
<td>12,116</td>
<td>10.0%</td>
<td>3,788</td>
<td>9,268</td>
<td>38.9%</td>
<td>2,586</td>
<td>11,106</td>
<td>9.1%</td>
</tr>
<tr>
<td>University of Idaho</td>
<td>3,348</td>
<td>9,764</td>
<td>4.9%</td>
<td>3,584</td>
<td>10,304</td>
<td>48.6%</td>
<td>3,044</td>
<td>11,104</td>
<td>9.1%</td>
</tr>
<tr>
<td>University of New Mexico</td>
<td>3,314</td>
<td>11,954</td>
<td>4.9%</td>
<td>3,604</td>
<td>12,270</td>
<td>-24.3%</td>
<td>3,158</td>
<td>11,424</td>
<td>9.1%</td>
</tr>
<tr>
<td>University of Hawaii Manoa</td>
<td>3,312</td>
<td>9,792</td>
<td>-1.1%</td>
<td>4,464</td>
<td>10,608</td>
<td>38.1%</td>
<td>3,348</td>
<td>9,828</td>
<td>-0.4%</td>
</tr>
<tr>
<td>University of Utah</td>
<td>3,102</td>
<td>9,572</td>
<td>9.6%</td>
<td>2,810</td>
<td>8,622</td>
<td>10.9%</td>
<td>2,830</td>
<td>8,632</td>
<td>9.4%</td>
</tr>
<tr>
<td>Utah State University</td>
<td>2,896</td>
<td>8,368</td>
<td>8.3%</td>
<td>2,754</td>
<td>8,346</td>
<td>9.1%</td>
<td>2,674</td>
<td>7,670</td>
<td>-13.8%</td>
</tr>
<tr>
<td>University of Wyoming</td>
<td>2,586</td>
<td>7,266</td>
<td>-13.7%</td>
<td>3,694</td>
<td>9,546</td>
<td>-20.5%</td>
<td>2,996</td>
<td>9,140</td>
<td>3.1%</td>
</tr>
<tr>
<td>University of Nevada Reno</td>
<td>2,486</td>
<td>8,838</td>
<td>11.8%</td>
<td>2,302</td>
<td>8,648</td>
<td>9.6%</td>
<td>2,224</td>
<td>9,778</td>
<td>-3.2%</td>
</tr>
<tr>
<td>University of Alaska Southeast</td>
<td>2,448</td>
<td>7,032</td>
<td>-5.8%</td>
<td>3,996</td>
<td>8,664</td>
<td>-4.3%</td>
<td>2,600</td>
<td>7,314</td>
<td>-9.1%</td>
</tr>
</tbody>
</table>
## Schedule 5 B

**SELECTED COMPARATOR PUBLIC UNIVERSITIES IN THE WEST**

<table>
<thead>
<tr>
<th>University of Alaska Fairbanks</th>
<th>2003-04</th>
<th>2,448</th>
<th>7,032</th>
<th>3,636</th>
<th>7,074</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2002-03</td>
<td>3,280</td>
<td>8,500</td>
<td>4,908</td>
<td>9,082</td>
</tr>
<tr>
<td>%Change</td>
<td></td>
<td>-25.4%</td>
<td>-17.3%</td>
<td>-25.9%</td>
<td>-22.1%</td>
</tr>
<tr>
<td>University of Los Angeles</td>
<td>2003-04</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2002-03</td>
<td>2,224</td>
<td>9,778</td>
<td>2,230</td>
<td>10,016</td>
</tr>
<tr>
<td>%Change</td>
<td></td>
<td>-100.0%</td>
<td>-100.0%</td>
<td>-100.0%</td>
<td>-100.0%</td>
</tr>
</tbody>
</table>

*NOTE:* - Many of the 2003-04 numbers are tentative pending approval by policy setting body.  
- Oregon University System comparisons are based on 12 credit hours.
### Schedule 5 C
Annual Tuition and Fees in Representative Institutions 2003-04*

In Descending Order of Resident Undergraduate Rate

Selected Shared Peer List of OUS Large Universities: OUS, PSU, UO

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Resident</th>
<th>Nonresident</th>
<th>Resident</th>
<th>Nonresident</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>U/Grad</td>
<td>Grad</td>
<td>U/Grad</td>
<td>Grad</td>
</tr>
<tr>
<td>University of Memphis</td>
<td>6,573</td>
<td>8,079</td>
<td>18,483</td>
<td>19,989</td>
</tr>
<tr>
<td>University of Colorado Boulder</td>
<td>6,392</td>
<td>6,158</td>
<td>23,844</td>
<td>22,602</td>
</tr>
<tr>
<td>Purdue University Main Campus</td>
<td>5,860</td>
<td>5,860</td>
<td>11,780</td>
<td>11,780</td>
</tr>
<tr>
<td>University of Iowa</td>
<td>4,994</td>
<td>4,569</td>
<td>15,286</td>
<td>15,724</td>
</tr>
<tr>
<td>Indiana University Bloomington</td>
<td>4,756</td>
<td>3,682</td>
<td>15,792</td>
<td>10,724</td>
</tr>
<tr>
<td><strong>Oregon State University</strong></td>
<td><strong>4,719</strong></td>
<td><strong>9,366</strong></td>
<td><strong>17,475</strong></td>
<td><strong>15,603</strong></td>
</tr>
<tr>
<td><strong>University of Oregon</strong></td>
<td><strong>4,683</strong></td>
<td><strong>8,958</strong></td>
<td><strong>15,519</strong></td>
<td><strong>13,734</strong></td>
</tr>
<tr>
<td>Indiana U/Purdue U @ Indianapolis</td>
<td>4,672</td>
<td>3,784</td>
<td>12,020</td>
<td>10,372</td>
</tr>
<tr>
<td>University of California Santa Barbara</td>
<td>4,629</td>
<td>4,869</td>
<td>18,561</td>
<td>18,033</td>
</tr>
<tr>
<td>Iowa State University</td>
<td>4,342</td>
<td>5,038</td>
<td>13,684</td>
<td>14,214</td>
</tr>
<tr>
<td><strong>Portland State University</strong></td>
<td><strong>4,206</strong></td>
<td><strong>6,969</strong></td>
<td><strong>12,126</strong></td>
<td><strong>15,879</strong></td>
</tr>
<tr>
<td>University of California Davis</td>
<td>4,004</td>
<td>4,424</td>
<td>12,990</td>
<td>12,314</td>
</tr>
<tr>
<td>University of North Carolina Chapel Hill</td>
<td>3,932</td>
<td>4,118</td>
<td>15,216</td>
<td>15,766</td>
</tr>
<tr>
<td>University of Illinois Chicago</td>
<td>3,864</td>
<td>6,732</td>
<td>7,894</td>
<td>11,122</td>
</tr>
<tr>
<td>North Carolina State</td>
<td>3,830</td>
<td>15,038</td>
<td>15,114</td>
<td>15,688</td>
</tr>
<tr>
<td>University of Arizona</td>
<td>3,604</td>
<td>3,854</td>
<td>12,374</td>
<td>12,624</td>
</tr>
<tr>
<td>SUNY Buffalo</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**NOTE:**
- Many of the 2003-04 numbers are tentative pending approval by policy setting body.
- Oregon University System comparisons are based on 12 credit hours.
A public hearing was held on Thursday, June 26, 2003 from 10:00 a.m. to 11:00 a.m., in Room 358 of Susan Campbell Hall, on the University of Oregon campus to provide an opportunity for comment on the proposed amendment to OAR 580-040-0040 to adopt the 2003-04 Academic Year Fee Book. Approximately 25 students attended the public hearing. Oral and written testimony was presented at that time and is summarized below.

Danielle Cox, *Vice President, Associated Students of Oregon State University*: Spoke in opposition to the changes in the tuition plateau at OSU and to any changes that contribute to the skyrocketing cost of higher education in Oregon. The plateau changes should not be made, given our inadequate financial aid system in this state. The proposed tuition increases will have a negative impact on affordability and student access to higher education.

Gabe Kjos, *Associated Students of University of Oregon*: Spoke of concerns with the building fee and where the money is going. Understands that by statute the fee has been raised to $45 per term, but wants to be assured that the fees raised are going to worthwhile building projects on campus.

Adriana Mendoza, *State Affairs Executive, Eastern Oregon University*: Is deeply concerned about the tuition increases because it will limit access to higher education for many students in Oregon, especially at EOU. Eliminating the tuition plateau will force students to take fewer credit hours, extending time to graduation. Students were not involved in the decisions to change the tuition plateaus and were unaware of the changes when they registered for fall term classes. Students will be surprised that huge changes occurred and will be confused and angry. Expressed concerns about affordability—financial aid will not be adjusted according to the changes in the plateau.

Maddy Melton, Chair, *Oregon Student Association and President, Associated Students of University of Oregon*: Acknowledged that students came to the hearing from around the state to address concerns with the proposed Fee Book. Students expect some cost increases due to declining state support and increasing enrollments, but we should not change tuition policies that have been effective for years. Expressed concern that proposed tuition plateaus do not extend to 16 credit hours because most classes are 4 credits.

Identified five concerns with the plateau changes: 1) it makes it difficult for students to graduate on time, 2) many campuses are looking at enrollment caps to maintain quality, but this policy change will encourage students to stay in school longer, 3) it is too close to the start of school to implement a whole new policy. Students were not aware of the change when they registered for fall term, 4) financial aid does not increase on a per
credit hour basis, 5) students were not involved in the decision-making process. Consultation and notification are two different things, and notification was even weak on some campuses. The OSA does not support the tuition plateau changes.

Students also have concerns with increasing matriculation fees on certain campuses, which can price some students out of the universities before they even start.

Scott Pugrud, **Student Body President, Eastern Oregon University:** Expressed deep concern over the changes in tuition and the tuition plateaus because they will limit affordability and access for students. It will essentially change EOU into a five-year university. Concerned about the availability of information about the proposed tuition changes. Many students at EOU have no idea of the changes. Communication should be on a current basis, ideally involving students in the decisions. Financial aid is a problem. As grants are being reduced, it is vital to keep tuition as affordable as possible.

Miriam Gonzales, **State Affairs Director, Associated Students of Portland State University:** Spoke with great concern about the possible removal of the tuition plateau at PSU for 2003-04. Changes will have negative impacts on graduation rates, student morale, financial aid programs and student access to post-secondary education. The cost for 15 credit hours will increase 22.2%, but students who wish to graduate on time must generally take 16 credits or four classes, resulting in a 29.9% increase over last term. Many students will feel ambushed by the drastic tuition increases and the lack of student involvement. Students must be fully aware of any and all changes in tuition policy and should be consulted on an issue that is central to them. Students are also facing cuts in health services, again impacting the neediest students.

Justin Myers, **Representative, Associated Students of Portland State University:** Believes that removing the tuition plateau will harm the educational experience for students at PSU. The plateau at 18 credits allows students to excel, broaden their horizons, and find their true calling. If the tuition plateau is removed, students will be encouraged to stay only within the limits of their carefully selected majors, becoming limited to the curriculum of their respective fields. The universities will, more than ever, become a machine churning out narrowly educated workers that are suited only for a single profession. It should be the goal of universities to provide as much opportunity for students to focus on topics that are not immediately applicable to the job market. Without the plateau as it currently exists, students who wish to graduate in four years, or change their major, will find out they can't afford to and may be forced to leave college.

Joe Johnson, **Vice President, Associated Student of Portland State University:** Believes the removal of the tuition plateau is going to harm students and cause academic and financial stress. The plateau allows students to take 17-18 credits per term to ‘get ahead’ so that even with changes in majors, they can graduate on time and make room for other students. Most university students change their major two to five times during the course of their education, and this change puts undue financial stress on the students because it forces them to stay in the institution longer. Students can’t afford to pay money for extra credits when they also will not qualify for any other financial aid.
Changing the tuition plateau and adding more of these different undercover fees puts undue stress on students and their financial situation.

Bruce Miller: Spoke in support of the student testimony. Expressed concern that the hearing was not well publicized. Suggested that the OUS hire consultants to increase efficiencies in the system so that tuition can be decreased. For example, savings could be found if faculty increased their teaching loads.

Maddy Melton, Chair, Oregon Student Association and President, Associated Students of University of Oregon: Offered additional testimony stating that the Oregon Student Association is concerned that the 5% revenue limit was removed to permit the institutions more freedom to pursue resource fees, programmatic and service differentials at the time the Resource Allocation Model was adopted.

Bruce Miller: Offered additional testimony suggesting that an additional hearing be held and expressing concern about lack of communication between students and administration.

Jeffrey Atkinson, Student, Southern Oregon University: Expressed concern as to the proposed changes to the current tuition plateaus because they will hinder access for students. The tuition plateau is a sort of saving grace for students to be able to graduate in a timely and cost-effective manner. Students on my campus were not included in the decision-making process regarding these proposed changes. While we were made aware of the changes, notification and collaboration are two very different things. I can certainly understand the need for the universities to seek new resources, but simply placing that need on the shoulders of students without their consent or consultation is unacceptable. Also, the current state of the financial aid program in this state does not lend itself to affording these increases for the neediest of students. Urged the OUS board to reconsider its decisions on this matter in light of these concerns, and the concerns of all students statewide.

Nicole Sangsuree Barrett, Graduate, University of Oregon: Expressed outrage because she has just learned of the tuition plateau changes that may occur during the 03-04 school year at some of the public universities. Many students who will be returning to different universities in the fall are most definitely unaware of the possibility of these dramatic changes. They will be confused and angry when they have to rework their budgets or drop classes. Fifteen is a ridiculous number for a credit cap. Almost all university classes are four credits, which obviously means that most students will only be able to afford twelve credits (3 classes).

Students should be allowed to feel out their strengths and weaknesses through enrollment in various subjects. Most students depend on college for that chance to learn about themselves. This situation has been fully avoided by the current tuition plateau, which allows students to take more than fourteen credits with a smaller or nonexistent penalty. Understands that there need to be some new sources of revenue for public education in this state. New, creative ways of finding revenue are necessary. Student
involvement is absolutely necessary on the decision making level, and their opinions must not only be recognized but respected.