THURSDAY, FEBRUARY 19, 2004
RECEPTION, 5-7 P.M., LILLIS BUSINESS COMPLEX
DINNER, 7:00-9:00 P.M., McMorran House

AGENDA

1. CONVERSATIONS WITH THE BOARD: UNIVERSITY OF OREGON

FRIDAY, FEBRUARY 20, 2004
BOARD EXECUTIVE COMMITTEE MEETING
MAPLE ROOM, ERB MEMORIAL UNION
UNIVERSITY OF OREGON
7:30 – 8:30 A.M.

AGENDA

1. CHANCELLOR’S OFFICE REVIEW

FRIDAY, FEBRUARY 20, 2004
REGULAR MEETING OF THE BOARD
BALLROOM, ERB MEMORIAL UNION
UNIVERSITY OF OREGON
9:00 A.M. – 3:00 P.M.

AGENDA

1. CALL TO ORDER/ROLL CALL

2. CONVERSATIONS WITH THE BOARD: OREGON INSTITUTE OF TECHNOLOGY
3. **APPROVAL OF MINUTES**

- Executive Session Meeting, November 20, 2003
- Regular Board Meeting, November 21, 2003
- Regular Board Meeting, December 19, 2003
- Special Board Meeting, January 27, 2004

4. **CONSENT ITEMS**

   a. OUS undergraduate admission policy for the 2005-06 academic year
      
      Oregon State Board of Higher Education policy calls for approval in February of the preceding calendar year of undergraduate admission requirements for Oregon University System (OUS) institutions for each academic year. This schedule is necessary for institutional planning, program implementation, publication production, and timely notice to prospective students.

   b. OHSU, M.S., Ph.D., *Biomedical Engineering*
      
      OHSU proposes to offer the only graduate biomedical engineering program in the state. The program will initially offer students one of three tracks: biomedical optics, biomaterials, and neuroengineering.

   c. OSU, graduate certificate, *Sustainable Natural Resources*
      
      OSU proposes to offer an intensive 14-week graduate certificate in Sustainable Natural Resources. This 18-credit program, the only one in the country, will be offered during alternate summer sessions.

   d. Resolution—refunding bond sale
      
      The State Board of Higher Education has an opportunity to achieve significant debt savings by refunding certain outstanding series of bonds. This will require the issuance of refunding bonds. Authorization for the sale is granted by Oregon Revised Statutes 286.051 and 288.605 through 288.695, inclusive.

   e. Naming of Southern Oregon University library
      
      Southern Oregon University requests an exception to OAR 580-50-0025 pertaining to the naming of buildings for a living person. This exception is requested to permit the University to name the university library “The Lenn and Dixie Hannon Library.” The OAR provides that an exception may be made for “unusually meritorious reasons.”

   f. OSU and PSU—authorization to award honorary degrees
      
      OSU and PSU request Board authorization to award two and four honorary degrees, respectively, at their spring Commencement ceremonies.

5. **BOARD ORGANIZATIONAL STRUCTURE; COMMITTEE/WORK GROUP ASSIGNMENTS**

6. **MEASURE 30: IMPLICATIONS FOR THE STATE AND OUS**
7. **REPORT ITEMS**

a. Distance Learning

   The 2004 eLearning Distance Education Summit, held January 26 at the Oregon Museum of Science and Industry (OMSI) in Portland, brought together education and government leaders and over 175 e-learning practitioners from K-12, community colleges, and four-year colleges and universities. The goal of the summit was to begin a statewide collaborative effort in support of distance education, especially online education and videoconferencing. This is a report of that meeting.


   The Annual Financial Statements will be presented to the Board for their acceptance. External auditor observations regarding internal controls and compliance with Federal grants and contracts, and management’s responses to those observations, will also be discussed.

8. **REPORTS**

- Interinstitutional Faculty Senate (IFS) President
- Oregon Student Association (OSA) President

9. **CHANCELLOR AND UNIVERSITY PRESIDENTS’ REPORT**

10. **PUBLIC INPUT**

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

12. **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.
# Table of Contents

<table>
<thead>
<tr>
<th>Report Item</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Conversations with the Board: University Of Oregon</td>
<td>2</td>
</tr>
</tbody>
</table>
President’s Conversation with the Board

February 19, 2004

Background Information
Dave Frohnmayer, President
Strategic Directions for the University of Oregon

The University of Oregon, after extensive internal review and discussion more than 18 months ago, promulgated a “Strategic Directions” document that clearly identifies the University’s priorities for the next several years. That document is attached as Attachment A.

The Strategic Directions—quality, access, the student experience, and research and economic development—are supported by the realization that we need to develop greater independence and flexibility, as well as greater financial resources, if we are to assure our progress.

Since that document was created, we have successfully moved forward on a number of the initiatives. For instance:

1. We implemented the program to provide a tuition discount for students taking off-peak hour classes. More than 3,000 students took advantage of that initiative, which gave them greater control over their costs and gave us greater flexibility and utilization of our space and resources.

2. We conducted an economic impact study that determined that during the 2000-01 academic year (we would expect all of these numbers to be higher if 2002-03 data were used) the UO:
   a. Contributed $10 to the Oregon economy for every $1 invested by the state;
   b. Provided graduates to the state who returned $1.60 in income tax revenue for every $1 the state invested in their education;
   c. Created 8,000 jobs throughout the state;
   d. Spent $109 million with 4,500 Oregon businesses;
   e. Brought $145 million in student spending on housing, groceries, entertainment, and other products into Oregon;
   f. Attracted $58 million in federal and private research grants ($78 million in 2002-03).

3. We announced that construction of a living, learning residence hall would begin next summer, not only to house 400 students but to provide classroom and interactive space to bring faculty and students together.

4. Our research and tech transfer efforts brought an increase in licensing income to $1.82 million in 2002-03 and produced 36 new inventions—a five-fold increase from just four years ago.

5. We worked with the Board, the University System, and the business community to obtain passage of Senate Bill 437 and to win legislative approval for the state’s investment in Multiscale Materials and Devices.
That provided the single most significant success for higher education from the most recent legislative session.

6. We have made substantial progress in private fundraising to support scholarships, facilities, and academic programs.

The Strategic Directions document provides a framework and specific initiatives to guide our daily effort.

**Self Assessment of Financial Condition**

The UO competes with the top universities in the country for students, faculty, and grants—without the level of financial support enjoyed by most of our peer universities. This is a tremendous challenge. UO faculty salaries are low by almost any standard, yet we have successfully attracted and retained a truly outstanding faculty, with about 80 percent coming from the Association of American Universities’ (AAU) institutions. We have made major efforts to improve faculty salaries over the past five years, yet we again fell behind in 2001-02. The current salary freeze will further lower our position in 2004-05—probably to less than 80 percent of our peers. When salaries are compared between the OUS universities and their individual peer groups, UO faculty salaries trail the salaries of their peers by the largest percentage.

We absolutely must address this if we are to retain the best and brightest and most mobile of our faculty.

According to OUS' most recent data (FY 2000-01), our peer institutions received instructional E&G (Educational and General) funding in a 50/50 split from state appropriations and from tuition and fees. The UO received only 40 percent from the state, with 60 percent coming from tuition. The average revenue these schools had per student was about $17,000, while UO had only $11,735. UO’s funding per student, including tuition from non-resident students, is about two-thirds that of our peer universities. This means that our effective RAM percentage is only 65 percent. And it is falling. State support at UO as a percentage of E&G has dropped this year from 40 percent to 33 percent. While tuition has increased, it does not make up for state funding. Our total available revenue to teach each student actually has declined since 2000 by $900 to only $10,548. These are “actual dollars” without adjusting for inflation. If inflation is taken into account, the amount of tuition and General Fund that we have available per student has declined by $1,200 since 1999. Assuming the average of our peers held constant, the UO’s effective RAM percentage per student decreased to 61 percent in 2003, and will fall below 60 percent in 2005. This is an impending disaster for UO and the state.

The situation worsens if the income tax surcharge is repealed, costing OUS institutions at least $11 million. In addition, the legislature has embarked on an unprecedented tactic of subsidizing the state’s General Fund by transferring tuition dollars away from investing in quality education, which will result in an additional $14 million loss to the
OUS. We do not know how we will manage the UO share of those revenue losses if those funds are not restored.

UO’s financial situation also depends on tuition income from nonresident, including international, students. These students bring diversity and enrich the educational experience. With these budget cuts, it becomes increasingly difficult to provide value for the tuition these students pay. If they do not choose UO, our financial situation will worsen, reducing quality, access, and affordability for Oregon students.

**Parameters of Change Through June 30, 2005**

**Enrollment Growth**

The UO intends to maintain an enrollment of 20,000 to 21,000. This represents about 29 percent of the OUS enrollment. The challenge will be to maintain the current mix of in-state, out-of-state, and international students. We may modestly increase our enrollment above the 21,000 number but we will begin to push the current capacity of the campus facilities. Increased admission standards will assist in managing enrollment while aiding in keeping Oregon’s best and brightest in the state.

The UO will continue to offer programs in Portland, through the Cascades Campus in Bend, and at the Oregon Institute of Marine Biology on the coast, as well as through distance education. Those initiatives may expand modestly.

In terms of degrees granted, the UO confers about 31 percent of the bachelor’s degrees and 32 percent of the graduate and professional degrees from the University System—more than any other Oregon university—while its share of OUS funds is about 18 percent.

Marketing strategies are focused on attracting out-of-state and international students in order to maintain the current mix and diversity and to provide additional revenue. Student retention has improved about 1 percent per year for the past six years and now is at 83 percent. Freshman retention surpasses the OUS forecasted target, particularly for Oregon students. Our aspiration is to reach 90 percent retention for Oregon residents. We are looking at possible tuition measures to aid in retaining out-of-state and international students.

**New Program Initiatives**

The University is working collaboratively with Oregon State University and Portland State University on the Multiscale Materials and Devices initiative, which received legislative funding this year.
The University has established a new major in Multi Media Design within the School of Architecture and Allied Arts.

Within the College of Arts and Sciences, new bachelor’s programs in Marine Biology and Medieval Studies are in progress, as well as a Professional Distinctions non-degree program. The college has also launched a Society of College Scholars. Other recently approved programs being implemented include bachelor’s degree programs in Ethnic Studies, Environmental Studies, and Judaic Studies, and a Ph.D. program in Environmental Science and Policy.

The School of Law now manages the state’s Conflict Resolution Program. This provides a service to the state that links to our academic curriculum in providing valuable experience to students.

AHA International, the leading provider of study abroad programs for several academic consortia including OUS, has joined UO. This adds to the University’s capacity for international exchange.

Program Reductions/Consolidation – academic and administrative

The UO already has a lean administrative structure, with only seven colleges and schools. The University continues to seek opportunities for efficiencies.

The College of Arts and Sciences has implemented two administrative consolidations:

- Oregon Humanities Consortium—a grouping of small humanities programs (Classics, Religious Studies, Judaic Studies, Humanities, and Medieval Studies);
- and

- Oregon Consortium of International and Area Studies—a grouping of small international and area study programs (International Studies, Asian Studies, European Studies, Russian and East European Studies, and Latin American Studies).

The UO has lost the federally funded Educational Resources Information Center Clearinghouse on Educational Management (ERIC/CEM) through a change in the federal Department of Education.

Faculty Resources

The UO’s faculty are extremely productive and every effort must be made to preserve the high quality and outstanding performance that we currently receive. In the College of Education, faculty attract more federal grant funding per faculty member than any similar college in the nation. A Swiss research center ranked the UO faculty 44th among the world's universities in terms of publications impact, based on the number of
published research articles our faculty had placed in top scholarly magazines and journals from 1994 to 1999. Other U.S. institutions in the top echelon of the study were Harvard, Stanford, and the University of California, Berkeley. Ranked lower than UO were UCLA, University of Arizona, Arizona State, University of California, Irvine, and University of Colorado.

The current ratio of students to faculty at the UO is 18 to 1, already higher than almost all of our AAU peers and at a level that we cannot afford to continue to increase. We rank better among our peers in regard to class sizes, with a significant number of classes with fewer than 20 students. This provides additional opportunity for faculty-student interaction and generally is regarded as a strong reflection of quality. Our average class size is 36 and that may increase next year with the opening of the Lillis Business Complex, in which the majority of classrooms have space for more than 36 students.

Faculty salaries are addressed in the Financial Assessment section, but the UO faces the dilemma of not having the resources to grow the faculty nor to meet salary needs when the freeze on salaries is lifted. This poses a significant problem that will need to be addressed.

**Space Requirements**

The University recently has completed or is in the final stages of completing about $150 million in construction projects, in which the state has only provided $10 million, or less than 7 percent. The opening of the new Lillis Business Complex with more than 90 percent private funding significantly increases classroom capacity. The privately funded expansion of the Museum of Art will be completed next year and a reopening of that facility, with new space for teaching of art and art history, will occur next fall. The Lewis Neuroscience Center renovation is another privately financed construction project to benefit the University’s research and teaching efforts.

The University has tremendous needs for additional space. Projects are planned for the School of Music, the College of Education, the School of Architecture and Allied Arts, the University Theater, and for science laboratories. Those areas, along with plans for constructing a new arena, an alumni center, and a living, learning residence hall have been approved as part of our capital plan. It is significant to note that the legislature in this last session did not match the private funding available for the University Theater project. This creates a very grave concern that the donors may walk away from the project.

Deferred maintenance continues to be an issue, including seismic retrofits. With a number of our buildings dating from the early 1900s, the need for increased space, modernization, and renovation will continue to affect maintenance and utility costs.
Cost Implications

Cost implications for the new academic majors are minimal. Funds are reallocated to follow the students. The major cost implications for academic programs are the inability to increase faculty positions to handle the volume of students overall and the faculty salary issues addressed elsewhere in this document.

The opening of new facilities has an impact on maintenance and utility costs. Interestingly, the use of the latest in sustainable architecture in the construction of the Lillis Business Complex should maintain the utility costs at the same level as the building it replaced although it doubles the square footage. Costs for janitorial services and eventual furniture and equipment replacement will be higher.

The UO supported the OUS bonding request last year that sought $500 million for deferred maintenance. The deferred maintenance need for the UO is estimated at $123 million based on a study by Pacific Partners. Many facilities on campus are beyond their life expectancies. The UO spends approximately $2.5 million a year on capital repair, but we should spend closer to $8.5 million, based on square footage and industry standards.

Some deferred maintenance is mission critical. If the classrooms are too cold or hot, or have inadequate airflow or lighting, our ability to provide education to our students is compromised. If faculty members are unable to present material using the Internet and projectors, the quality of teaching suffers. The challenge we face, to a large extent, is to provide a 21st century education in early 20th century facilities.

Tuition/Affordability Strategies

The UO implemented a strategy to provide a discount for classes taken during non-peak hours in order to optimize the use of available classrooms and to provide students with greater choice in their tuition. We project that the discount will save more than 3,000 students a combined $1.5 million this year.

The UO has been reducing the hours available under plateau pricing for the past few years and intends to continue to move toward a “per credit hour” pricing policy.

The limitations enacted by the legislature on fee remissions will have a severe impact on the UO's ability to provide financial aid. The UO provides the greatest amount of fee remission in the University System. Over the next two years, we have to reduce that amount by $2 million per year. The fee remissions have been used for Diversity Building Scholarships, need-based scholarships, Dean’s Scholarships, and in other programs that carried multi-year commitments. In order to fulfill existing commitments for continuing students, we will have very limited funding available for next year’s entering students. More than half of our students currently receive financial aid.
Out-of-state and international students particularly have a perception that the tuition and fees are unstable and potentially subject to substantial increases. In order to reduce the anxiety of prospective students and families in planning their costs, we are considering a plan to guarantee out-of-state tuition rates for four-year periods.

**Fundraising Expectations**

The UO is in the silent phase of a multi-year comprehensive campaign that will seek to raise about $600 million in private gifts by July 2007. Donors will invest in quality but will not fund basic operations.

The four cornerstones for the campaign are: “Advancing Knowledge Through Teaching and Learning,” “Advancing Knowledge Through Discovery: Research and Scholarship,” “Enhancing Student Opportunity and Experience,” and “Strengthening Our Community and Society.”

The “Oregon Promise” is our commitment that any otherwise qualified Oregon resident will not be denied access because of a lack of funds. That is part of our Strategic Direction of assuring access and a major priority of our fundraising campaign, which has as its goal to raise $100 million for scholarships and fellowships.

Additional goals for the campaign are to double the number of endowed faculty chairs in order to advance the Strategic Direction of improving quality in our teaching and research, and to provide funding for significant capital improvements.

We will seek to double our ongoing fundraising capacity from $40 million–$50 million a year before the campaign, to $90 million–$100 million, post campaign. Fundraising totals in the last two years set records for private philanthropic support of the University. It is critical that the state match private donations for capital projects in order for the University to secure the gifts and realize tremendous savings for the state.

**Research**

The UO has far exceeded its research targets in OUS Performance Indicators and brought in over $78 million in research grants and contracts last year. This is significant in that we have neither a medical, agricultural, nor engineering school, which typically garner substantial federal grants for which we cannot compete.

The UO does remarkably well in generating start-up companies and in tech transfer, especially when scaled for size compared to major universities. In recent years, it has not been unusual for several start-up companies to be spun off from UO-based research. We have revised our targets for 2004 through 2008 substantially upwards. However, this may be unrealistic in view of the severe reductions in state support for research—which is very important in providing seed funding, matching money, and start-up costs—and in view of the salary freeze that puts us at risk of losing some of our
most research-productive faculty. It may be that our performance on this indicator is actually at a high point for the foreseeable future.

Funded research at UO is up more than 35 percent over the last two years. On average, a UO faculty member brings in more than $100,000 in external research support. This contrasts with an average UO faculty total compensation of $77,200. The vast majority of these funds are spent in Oregon. According to recent figures reported by the U.S. Department of Commerce, research grant support received by the UO equates to 2,700 jobs created in the state. Over the past 10 years, UO faculty members have generated 61 patents, 52 license options, and 13 start-up companies. The UO is an economic engine, creating jobs and technology for Oregon’s future. However, the strength of this economic engine is severely threatened by the budget cuts and current financial situation.

**Measuring Performance**

*Focus on Accountability:* Managing meager resources has made the UO one of the most accountable and fiscally creative universities in the nation. We have managed to maintain a position among America’s best universities while spending about two-thirds per student of what our peers spend. We have become a tremendous economic engine for the state, spinning off new businesses, developing patents and licenses, and returning $10 for every dollar the state invests. As a member of the AAU, we have access to a substantial database of information about the performance of its membership—62 of the top research universities in North America. We constantly benchmark our performance both against that larger collection of major research universities as well as against the subset of the AAU institutions that comprise our peer group for OUS performance indicators.

*Managing/Assuring Quality:* We are making every effort to assure continued quality, but the state’s disinvestment puts quality at risk. The UO’s ability to compete with its peers is increasingly compromised by inadequate resources per student. The UO’s ability to attract outstanding faculty, and thereby continue to provide economic leverage for the state, is at risk through the growing faculty salary discrepancy. The University and its Foundation are investing heavily in a comprehensive fundraising campaign that will be the largest ever conducted in this state. Its success will generate investment capital for quality, but the state also must step forward, both in matching capital projects and in assisting the University in its ability to respond to market forces in an agile fashion.

The UO’s performance indicators are attached as Attachment B.
MAKING A DIFFERENCE

Strategic Directions For the University of Oregon

The University of Oregon is internationally recognized as among the nation's premier comprehensive research universities. We are the only Oregon institution that is a member of the highly selective American Association of Universities (AAU), and we are distinguished by the strength of our teaching and research in the arts and sciences and the professional schools.

We are committed, through the process of research and graduate education, to excel in the creation and application of knowledge. This places us in the critical role of producing intellectual capital that is central to the state's prosperity, as well as producing graduates who are well prepared to participate in both today's and tomorrow's economy. Because of the strength of our core mission in the liberal arts, our graduates have the critical thinking and analytical skills that allow them to adapt and thrive in a world defined by increasing complexity and rapid change.

In many ways, we are like all other major public research universities. In some ways, we are different. We have a relatively small student body and a very modest level of state support. We offer our students the education available at an AAU institution with the low student-faculty ratio typical of smaller campuses. And we do not let limited state support determine our quality.

The strategic directions listed in this document set forth the areas that will receive our primary focus for the next five years. They are: quality, access, the student experience, and research and economic development. The fifth component is a New Compact with Oregon, which will allow us to implement the first four.

QUALITY

“There is a sense of the distinctive and special about UO. Among the attributes frequently cited are the quality of the program, sense of community, people who care about their institution; the special character of Eugene, the climate and geography, the human scale of the University, and powerful traditions of collaboration, cooperation, openness, and friendliness. There is an ever-present pride and search for excellence. These are qualities that need nurturing and protection.”


A. Goal
We will improve overall institutional quality by investing significantly in the recruitment, retention, and recognition of nationally competitive faculty, by attracting
stronger students to our undergraduate and graduate programs, and by developing distinctive excellence in academic programs. Our quality is reflected in our membership in the AAU, where we are the only member from Oregon and one of just 63 public and private institutions of the more than 2,000 institutions of higher education in the United States. In addition to AAU affiliation, our quality is evidenced through the creativity and innovation of our faculty, programs, and students.

B. Assumptions
1. Our programs consistently challenge and define the boundaries of knowledge and academic inquiry.
   a. We have a high percentage of faculty who are actively involved and highly successful in grant applications for new projects and studies. Their research is funded at more than $60 million per year. Our College of Education has the most productive educational research faculty in the nation in terms of research and training grant funds awarded per faculty member.
   b. We have particular strengths in genomics and proteomics, earth-friendly and cost-effective chemistry, and discoveries about our native Oregon (Department of Anthropology and the Northwest Indigenous Languages Institute).

2. Our faculty command national and international attention for discovery and dissemination of new knowledge in their fields.
   a. Two creative writing faculty, Ehud Havazelet and Dorianne Laux, received Guggenheim Fellowships in support of their work.
   b. Hill Walker’s Institute on Violence and Destructive Behavior received a $1.25 million federal grant to develop a version of its “First Step to Success” program for use by Head Start.
   c. Russell Donnelly received the Fritz London Memorial Prize, the highest international award in the field of low-temperature physics.

3. The University contributes extensive service to Oregon communities and beyond.
   a. Our international students teach in local public schools; students in English work with local literacy programs; student videographers from the School of Journalism and Communication assist with documentaries for Oregon Public Broadcasting; and law students offer free legal services to domestic violence victims.
   b. The College of Education educates Oregon’s teachers and contributes research that shapes the state’s educational system; the Pine Mountain Observatory conducts approximately 200 educational outreach programs in
Oregon per year; and the School of Architecture and Allied Arts organizes a national student conference on ecological design.

c. Alumni Brent Walth and Rick Attig received the Pulitzer Prize for Public Service in 2001 for their coverage of the Immigration and Naturalization Service; Johnpaul Jones has been named the principal design architect for the planned National Museum of the American Indian, part of the Smithsonian Institute; Helen Frye, the first woman to become a federal judge in Oregon, has ruled on important Oregon issues such as the Rajneeshpuram incorporation and the battle over the spotted owl; and Kathleen Weaver serves as medical director for the Oregon Health Plan.

4. UO students thrive under the direction of faculty mentors dedicated to creating experiential learning opportunities and research.

a. Students consistently earn national academic distinction by being named among the top undergraduates in science and mathematics (Barry M. Goldwater Scholarship) and funded for international research projects in the humanities and social sciences (Fulbright Fellowships).

b. Participatory experiences allow students to apply their learning to meaningful projects in their field such as: Flux magazine, winner for the ninth consecutive year of the Pacemaker award for student publications; archaeological field studies, such as the Northern Great Basin Prehistory Project; and scientific research, such as in the Ecology and Evolution Program.

C. Direction
Across all of our endeavors, our community—faculty, students, alumni, staff, and others—strive for excellence locally and distinction nationally. We cannot do less than compete for the sake of Oregon on the national and international stage.

We must continue our commitment to cultivating excellence in our faculty, students, and programs. This means we must:

1. Develop a faculty that continues to hold standing nationally and command attention for its excellence in education and scholarship. This requires that we:

   a. Continue to increase faculty salaries relative to our peer institutions.

   b. Double the number of endowed faculty positions in the next five years to allow for the recruitment and retention of the most academically distinguished scholars.

   c. Double the financial support for faculty research activity in the next five years in order to increase the opportunities for faculty recognition as members of
national academies, recipients of prestigious awards, and recipients of significant federal and private research funding.

d. Recruit vigorously to add faculty of color.

2. Build the strength and quality of selected academic programs with particular emphasis on:
   a. Sustaining excellence where it has already been achieved.
   b. Promoting excellence where it has prospects for rapid emergence.
   c. Withdrawing support for programs with little likelihood for long-term distinction.

3. Recruit an increasingly stronger student body by
   a. Increasing standards both for admission and graduation.
   b. Dedicating efforts to increasing its diversity.
   c. Increasing financial aid.

4. Direct energy at improving our standing with regard to benchmarks traditionally used to rank institutions.
   a. Propose revisions in the criteria used for normed federal R&D expenditures while increasing those amounts.
   b. Normed faculty arts and humanities awards, fellowships, and memberships.
   c. Normed number of doctorates.
“Bright and engaged students from Oregon and this region need to have available to them an affordable education at an internationally recognized premiere university or we will lose them, perhaps forever.”

–Dave Frohnmayer, President, 2002

A. Goal
The University of Oregon is committed to ensuring that all qualified Oregonians have the opportunity to attend and succeed, while maintaining our position as a high-quality research university with a mid-size, academically strong student body. This strategic direction is built on the following assumptions.

B. Assumptions
1. Significant new state funding will not be available to us to expand our current facilities and allow for increasing student enrollments in peak demand times. Without such an increase in facilities, overcrowding, and decreased quality of the student experience could occur.

2. Tuition will be an increasingly important source of revenue to the University, given the reality of limited state funding. State funds now comprise only 18 percent of the University’s overall expenditures, and this percentage will decrease with the state budget cuts now pending.

3. Our principal focus will remain on the traditional daytime student. However, classes offered at non-traditional times will make university programs available to students who work during the day and do not now have access to degree programs.

4. We do not use our facilities to the extent possible in the late afternoon, evenings, and weekends.

5. A lower-cost tuition alternative would make higher education more affordable for students who could take advantage of it and, therefore, increase access.

6. We must increase our ability to assist fully qualified students for whom financial constraints affect access.

C. Direction
1. We will maintain traditional daytime enrollment at approximately 20,000 while increasing the academic profile of entering students.
   a. Develop a student recruitment plan focused on increasing the academic profile of entering freshman.
b. Enhance the focus on increased diversity among the traditional daytime student population.

c. Create a system to track progress.

2. Create financial incentives for student to take classes off peak time, which will make more efficient use of our physical resources.

   a. Implement new tuition structure that offers financial incentives for courses taken in low utilization time slots.

   b. Increase availability of courses and degrees that are offered in low utilization time slots.

   c. Create a system to track progress.

3. Increase the availability of UO programs and classes through the use of off-campus sites and distance learning technology.

   a. Bend

   b. Portland

   c. Distance learning technologies

   d. Create a system to track progress

4. Within five years, establish a $100 million endowment for merit-based scholarships.

**THE STUDENT EXPERIENCE**

“A recent University of Oregon Orientation Week T-shirt sported a picture of a duck and the simple exhortation “Let your future take flight.” The UO certainly offers many ways for those with lofty ambitions to succeed. With the UO’s caring faculty, excellent academics, and abundance of social activities, the UO is all it’s quacked up to be.”

—The Fiske Guide to Colleges 2002

*(Designated the UO for the fourth year in a row as one of the nation’s top 40 “best buys” in higher education.)*

A. Goal

The University is committed to providing its students an array of experiences that support academic and personal development within a residential campus
experience. The residential experience extends classroom learning and plays a significant role in preparing students for effective participation in a global and diverse society. This strategic direction is built on the following assumptions.

B. Assumptions

The quality of the student body and the quality of the student experience are increasingly important factors in our ability to compete successfully for resources.

1. We must maintain strong academic programs and a compelling campus life if we are to attract and retain capable undergraduate and graduate students.

2. The residential experience, offered through classroom learning, housing facilities, student programs, and co-curricular activities are an important dimension of campus life. To remain competitive, we must improve our facilities, including residence halls, the student union, recreation centers, and resource and cultural centers.

3. Diversity has strong academic benefits for students. By assuring diversity within our student body and in our faculty and staff, we can provide students with greater learning opportunities, more opportunities to develop interpersonal competencies, experience with a diversity of opinions, ideas and background, and preparation for greater involvement in civic and community service.

4. We are committed to international awareness and understanding, and to developing a student body capable of participating effectively in a global society. We recognize that this requires strong programs of international student recruitment, study abroad, undergraduate and graduate instruction and research, and cultural activities on campus.

5. Our mission to cultivate a sense of citizenship, as well as the capacity for sound individual judgment, requires activities that allow students to assume responsibility for individual decisions and to embrace common goals. Student programs provide opportunities for participation and leadership that foster such character development.

6. Our recruitment and financial aid strategies, including both merit- and need-based scholarships, will bring to campus students who are academically strong and diverse in interests, cultural background, and socio-economic level. We seek students who have a strong sense of individual identity but who share a commitment to the highest standards of academic inquiry, personal integrity, and service.

7. We will emphasize the development of leadership ability, as well as the capacity to create and live by community standards that depend on personal honor and social responsibility.
C. Directions

1. Within the next five years, we will construct new residence facilities to provide undergraduate students with living/learning centers that promote a campus culture of engagement with ideas, as well as one or more graduate student housing units.

2. Within the next five years, we will renovate and expand our student union, cultural and international resource centers, recreation center, and health and counseling centers.

3. We will enhance the opportunities for rich human interaction through strategic student recruitment, support of an array of vigorous programs including intercollegiate athletics, and campus and study abroad programs that promote the exchange of ideas and perspectives.

**RESEARCH AND ECONOMIC DEVELOPMENT**

“The wealth, civilization and development of a state depend upon the education of the masses of its people and upon the education of those who by a process of education become the leaders of these masses in the various departments of life… The state must make it possible for the university to attain the highest known standard, and then must insist on corresponding results.”

–UO President Frank Strong, 1899

A. Goal
We are committed through the integrated missions of research, graduate education, and technology transfer, to excel in the creation, transmission, and application of knowledge. We will be increasingly competitive compared to other major research universities in the quality of our research programs and the applications that foster economic development and improve the quality of life. This strategic direction is built on the following assumptions.

B. Assumptions

1. A knowledge-based economy is the key to Oregon’s future.

   a. The economy will be driven by a strong high technology industry and by traditional industries enhancing their businesses through effective applications of research and technology.

   b. The economy will require a large investment in research and development that provides an efficient means of transforming basic discoveries into practical applications and commercial products.
c. The economy will be linked to the digital information age and the applications of high-speed telecommunications, including specialized tools for knowledge management.

d. The economy will be increasingly global in nature, requiring an effective integration of diverse cultural and societal perspectives.

e. The economy will be dependent on the workforce having access to lifelong learning opportunities for specialized training and retraining.

f. The economy will continue to need the broad perspectives acquired through humanistic, culture-based education.

1. We have a direct and significant impact on the state’s prosperity and competitiveness in the knowledge-based economy.

   a. Our graduates are an important component of the state’s intellectual capital and are a primary indicator of the state’s return on investment in the institution.

   b. The strength of our faculty is a major factor in ensuring our ability to contribute to Oregon’s competitiveness.

   c. University-based research will be increasingly important, not only for the creation of new knowledge but also for the transfer of knowledge into the economy.

   d. A diverse community (both in ethnicity and geography) is essential to the preparation of students who will thrive in a global economy.

   e. As a strong economic entity in its own right, the University will continue to anchor the local and regional economies.

3. Access to research resources will be increasingly more competitive and tied to greater demands for measurable benefits to society and the economy.

   a. An additional infusion of state or industry funds is likely to be in the form of targeted investment in workforce preparation and research that seeks a clear return on investment.

   b. Major funding trends for basic academic research at the federal level are unlikely to change substantially in the near future, and therefore will place a continuing emphasis on health and science-related programs.

   c. The market for top faculty and graduate students will remain highly competitive for the foreseeable future.
C. Directions

1. We will provide essential resources for the recruitment and retention of high quality faculty and graduate student researchers and associated research infrastructure.

2. We will seek expanded external sponsorship for research through an integrated strategy involving the Office of Development, Research, Academic Affairs, and Governmental Affairs.

3. We will build on established research strengths in areas critical to the knowledge economy, such as the biosciences and materials sciences, and will seek targeted state funding for these initiatives.

4. We will be increasingly involved in economic development, such as technology transfer and business start-ups through:
   
a. Support of collaborative programs with the Riverfront Research Park.
   
b. Expansion of the Office of Technology Transfer.
   
c. Development of new public-private partnerships to provide management, money, and marketing services to support business creation.
   
d. Support for public legislation and regulatory relief to enhance technology transfer from Oregon universities.
   
e. Greater involvement in community efforts to recruit and retain new businesses.
   
f. Expanding support of industry for our research, industrial internships, and technology out-licensing.
   
g. Enhanced participation in local, regional, and state economic development groups.

5. We will promote performance measures that demonstrate our impact on the Oregon economy, such as the economic multiplier effects of research and development funding and the role of technology transfer (e.g., invention disclosure, licensing and royalty income, start-up companies, industrially sponsored research).

6. We will support an evolving telecommunications infrastructure to provide “bandwidth on demand” that would satisfy the broad range of Internet applications from basic e-mail services to data-intensive business and research applications across the state.
7. Biomedicine and biotechnology offer the combination of opportunity for increased quality of life and vast potential for economic development. Oregon should seize opportunities to advance a biotechnology industry, in part through a combination of academic strengths involving clinical research at OHSU, engineering at PSU and OSU, and the basic sciences at the University of Oregon.

8. We will continue our involvement with the Association of Pacific Rim Universities, with special attention to the part that we can play in the international economic development work of the organization.

9. We will continue to support the classic elements of a traditional liberal education that creates a value-based component for technical and scientific decision making.

**A NEW COMPACT WITH OREGON**

For us to maintain and increase the level and quality of service we provide to the state and to our students, a new compact with the state must be put in place. To compete in the educational marketplace with such limited state assistance, we must be able to make decisions that affect our future in a timely way—to become more agile and efficient. We are not likely to see any increase in the percentage of state funding available to us. We cannot continue to serve the state or the increasing numbers of Oregonians who want a UO education at current levels of state support without significant policy and operational changes. We must be market-oriented, entrepreneurial, and flexible—something that is not currently possible with the state agency constraints now in place.

At the same time, we have no desire to move away from our mission as a public university. We simply believe that in order to fulfill our mission there must be changes in our relationship to the State of Oregon. We have no desire to separate ourselves from the Oregon University System. We value our relationships with our sister universities and see significant growth in cooperative activities. We recognize the need for some central coordination and for a high-level governing board. However, the state’s current governance form leads to inefficiencies, delays, and unnecessary costs. Therefore, we propose a “new compact with the State of Oregon,” with the characteristics described below.

**Benefits to the State of Oregon**

1. We will provide levels of quality in education, research, and public service that cannot otherwise be provided, given current levels of state funding.

2. We will provide this education to substantially larger numbers of Oregonians than is possible under current levels of state funding.

3. Oregonians will have access to our education at an affordable cost.
4. The State of Oregon will receive the benefit of our research and technology transfer.

5. We will maintain or improve the rankings and quality of all our programs.

6. We will maintain or improve our highly valued public services to the state, such as the Orbis library consortium, state of the art telecommunications networks, the Labor Education and Research Center, and the Community Services Center.

**Responsibilities of the University**

1. We will assure that an internationally recognized education of exceptional quality will be available to qualified Oregonians, with increased financial assistance as needed.

2. Oregon residents will be given priority in admissions. We will accept all qualified Oregonians up to 125 percent of the number that would be fully funded by the state in the Oregon University System budget model. Nonresidents will be accepted only to fill the remaining available places.

3. To give cost predictability to prospective and current students, we will maintain resident undergraduate tuition at no more than one-third of nonresident undergraduate tuition and resident graduate tuition at no more than two-thirds of nonresident graduate tuition.

4. We will exert our best efforts, through the use of state and federal financial aid, privately funded scholarships, loans, and fee remissions, to ensure that full financial need, as determined by federal guidelines, is met for all qualified Oregon applicants.

5. We will work with the state to match investments the state may make in research and public service programs.

6. We will, in cooperation with the State Board of Higher Education, establish a University of Oregon Board of Advisors.

7. We will provide an annual report to the State Board of Higher Education, the Chancellor of the Oregon University System, the Legislature, and the Governor that documents how this new compact has been implemented and will demonstrate accountability for the provisions of the new compact.

Three additional provisions are required for the new relationships between the state and the University to succeed:

1. Our ability to increase non-state revenues must be enhanced.
   a. Within the constraints outlined above, we must be vested with the authority and responsibility for setting tuition and fees.
b. We must have the authority to spend funds from outside sources without legislative approval.

c. We must have increased capability to borrow money when state revenues are not promised for repayment.

d. We must have the flexibility to establish or expand academic programs, based on market demand.

e. We must have the ability to protect personal information about donors from public disclosure.

f. We must be given flexibility with regard to state regulations on the governance and use of private funds, including restrictive definition of the use of assessments on endowments and of pledges to match state funding.

g. We must retain all interest earning on non-state revenues.

2. Our ability to operate more efficiently and flexibly must be enhanced. In light of the small percentage of funding derived from the state, we should be relieved from the regulatory restriction as described below

   a. Allow us full authority in purchasing, contracting, information technology, and telecommunications.

   b. Eliminate legislative approval for all construction projects when neither the construction nor the building operation will receive state funding.

   c. Vest with us the authority to buy and sell real and personal property.

   d. Grant us the authority to purchase insurance in addition to state self-insurance.

   e. Grant us the authority to hire attorneys and outside counsel.

3. We must be allowed to increase entrepreneurial activity and technology transfer.

   a. Grant us the authority to hold equity in private companies.

   b. Grant us full management responsibility for all negotiations with the federal government on grant and contract issues, including indirect cost recovery, and return 100 percent of indirect cost recovery to the campus.

   c. Grant us the authority to manage legal and contractual issues, including issues related to technology transfer and intellectual property.

CONCLUSION

Whether our supporters or our critics are interested in the essential value of a liberal arts education—developing a responsible, creative, and critical citizenry—or in the pragmatic and instrumental outcomes of higher education, the pursuit of quality and the cultivation of excellence forms the foundation on which all success depends. It is not an accident that the finest public universities in the U.S.—Virginia, Michigan, Berkeley, UNC—set and maintain the highest standards of academic inquiry, student learning, and community and regional service in their states. The legacy of their excellence in those states is undeniable. The UO will focus its investments on quality, access, the student experience, and research and economic development to position itself in the state and in the nation to merit its AAU membership and the continued support of its faculty, students, and public.
Freshman Persistence/Retention. Full-time freshmen returning to UO for a second year. ¹

Performance Trend:
• UO has steadily increased the proportion of freshmen persisting to the second year, achieving a high of 83 percent in 2001-02.

Results Compared to Targets:
• UO has exceeded forecasted targets by about two percentage points.

Rationale for Future Targets:
• The UO has made significant improvement in persistence during the past five years. The uncertain economic situation may significantly impact the institution’s ability to retain students beyond current experienced persistence rates.
• However, the UO intends to continue initiatives aimed at maintaining persistence, including:
  o Support of freshmen learning communities such as Freshman Interest Groups and Freshman Seminars.
  o Expanding the Honors Halls Advisory Board into the Residential Academy, a program that enables students to create programs that stimulate intellectual activity in the UO residence halls.
  o Investigating the impact of need-based and merit-based financial assistance on persistence and implementing appropriate changes to make the most strategic use of limited funds.
  o Continued focus on retention by the deans, Enrollment Management Council, and other appropriate committees.

¹ Each cohort entering in the fall of a given year is tracked to the following fall to determine the proportion continuing at UO. The freshmen entering in 2001-02 are tracked to 2002-03 and included in the 2003 OUS Performance Report.
University of Oregon

Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target)
and 2007-08 (new 5-year target)

Total Degree Production. Bachelor's, master's, doctoral, and first professional degrees awarded.

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>4,179</td>
<td>4,219</td>
</tr>
<tr>
<td>2001-02</td>
<td>4,222</td>
<td>4,302</td>
</tr>
<tr>
<td>2002-03</td>
<td>4,264</td>
<td>4,384</td>
</tr>
<tr>
<td>2003-04</td>
<td>4,307</td>
<td>4,467</td>
</tr>
<tr>
<td>2004-05</td>
<td>3,750</td>
<td>3,900</td>
</tr>
<tr>
<td>2007-08</td>
<td>3,750</td>
<td>3,900</td>
</tr>
</tbody>
</table>

Performance Trend:
- UO did not achieve consistent growth in degree production. Although degrees increased in 1999-00, UO awarded 184 fewer degrees in 2001-02 than it awarded in 1997-98.

Results Compared to Targets:
- UO did not meet its low targets in 2000-01 or 2001-02, missing the target by 5 percent in each year.

Rationale for Future Targets:
As the UO manages within current budget constraints, the size of the admitted entering class will continue to decline. This will result in fewer degrees being awarded at the undergraduate level that will offset gains from continued improvement in persistence rates.
University of Oregon
Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target)
and 2007-08 (new 5-year target)

Licenses Produced in K-12 Administration (Oregon Shortage Area). Number of endorsements in K-12 administration awarded by UO.

Performance Trend:
- UO is making progress based on the data available.

Results Compared to Targets:
- UO exceeded the 2001-02 high target in 1999.

Rationale for Future Targets:
The demand for administrative licensure programs continues to be strong, and the number of students enrolled is close to capacity. Therefore, the number of endorsement recipients is expected to remain constant. The College of Education continues to receive requests to provide opportunities for administrative licensure programs, and it will accommodate these needs to the extent possible within the faculty and financial resources available.
Target Setting for Performance Indicators  
Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)

Recent Graduate Satisfaction. The ranking of the overall quality of their educational experience by recent bachelor’s degree recipients on a scale of 1 to 5 (with 1 as low and 5 as high). Scores reported include 4s and 5s combined.\(^2\)

Graduate Satisfaction Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>65.0%</td>
<td>65.0%</td>
</tr>
<tr>
<td>2001-02</td>
<td>65.8%</td>
<td>66.6%</td>
</tr>
<tr>
<td>2002-03</td>
<td>66.6%</td>
<td>68.3%</td>
</tr>
<tr>
<td>2003-04</td>
<td>67.4%</td>
<td>69.9%</td>
</tr>
<tr>
<td>2004-05</td>
<td>75.0%</td>
<td>77.0%</td>
</tr>
<tr>
<td>2007-08</td>
<td>75.0%</td>
<td>77.0%</td>
</tr>
</tbody>
</table>

Performance Trend:
- The rating of the overall quality of the education received at UO increased by 12 percentage points from 1996-97 to 2000-01.
- The mean rating increased by 5 percent.

Results Compared to Targets:
- UO exceeded forecasted low and high targets in 2000-01.

Rationale for Future Targets:
The UO’s goal is to achieve satisfaction ratings at this level by continuing to offer high quality educational experiences and excellent services to our students.

The UO has expanded small group activities within courses to provide further opportunities for students to learn to question critically, think logically, communicate clearly, act creatively, and live ethically. Students also have access to living and learning situations such as Freshman Interest Group (FIG) Residence Halls and the Residential Academy. The UO has also increased its emphasis on opportunities for Participatory Learning Experiences (PLEs) and internship programs that allow students to earn academic credit while exploring career options.

The UO has also focused in degree planning on promoting minors, resulting in an increased number of students pairing liberal arts majors with professional school minors (e.g., more than 2,100 undergraduates with majors in the College of Arts and Sciences have also declared a minor in Business Administration). In addition, the UO has increased career services available to students in its professional schools and offers the “Degrees With Distinction” program.

\(^2\) In the future, this survey will be conducted every other year by OUS Office of Planning.
University of Oregon

Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)

Research and Development (R&D) – Annual expenditures for research, training, teaching, and similar activities supported by grants from federal and private sources.

- Performance Trend:
  - UO saw a growth of $20 million in R&D expenditures from 1997-98 to 2001-02. This represents a 42 percent increase (not adjusted for inflation).

- Results Compared to Targets:
  - UO exceeded forecasted targets by more than 20 percent in 2001-02 (FY 2002).

- Rationale for Future Targets:
  The UO expects the recent 10 percent growth per year to slow to approximately 5 percent per year based on the realities of the federal budget and the expectation that it will not be possible to increase the size of the faculty beyond current numbers. The UO continues to place emphasis on providing grant writing services, promoting corporate and financial giving, and taking maximum advantage of the opportunities associated with the OCKED and signature research funding opportunities provided during the recent legislative session. Private funding for research endeavors is a particular emphasis in the UO’s fund raising campaign.
Mission Specific Indicators Selected by UO
Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)

Competitive Faculty Compensation. Average compensation of UO faculty compared to average faculty compensation at institutions in UO’s peer group.

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>85.7%</td>
<td>87.0%</td>
<td>87.5%</td>
</tr>
<tr>
<td>2001-02</td>
<td>83.8%</td>
<td>89.0%</td>
<td>90.0%</td>
</tr>
<tr>
<td>2002-03</td>
<td>91.0%</td>
<td>92.5%</td>
<td>94.0%</td>
</tr>
<tr>
<td>2003-04</td>
<td>93.0%</td>
<td>95.0%</td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>83.8%</td>
<td>85.0%</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>83.8%</td>
<td>85.0%</td>
<td></td>
</tr>
</tbody>
</table>

Note: Data excludes instructor rank; the percentages vary slightly from OUS data, which includes this rank.

Performance Trend:
- Average faculty compensation at the UO has not improved and appears to be declining relative to average faculty compensation at peer institutions.

Results Compared to Targets:
- UO is not making progress in increasing its competitive position for recruiting faculty.

Rationale for Future Targets:
The UO has made a commitment to faculty to maintain progress in this area, and our commitment to this goal remains strong in the long term. However, given the current funding constraints and the salary freeze, the UO will continue to lose ground on this indicator. This goal is strongly related to the UO’s reputation and to its future as an AAU institution, making it essential that the institution focus attention on how to come closer to attaining its goals in this area.
Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)

Research and Economic Development Index. The ratio of industrial support for R&D, income generated from technology transfer, and jobs supported by R&D of UO compared to that of the average of the UO peer group.

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>2.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>4.4</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>2001-02</td>
<td>4.6</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td>2002-03</td>
<td>2.8</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>3.1</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td>2004-05</td>
<td>5.5</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>2007-08</td>
<td>7.3</td>
<td>7.5</td>
<td></td>
</tr>
</tbody>
</table>

Performance Trend:
- UO appears to be making progress, but the data are available for only two years.

Results Compared to Targets:
- UO results are twice the forecasted targets for 2001-02.

Rationale for Future Targets:
The UO is developing a strong track record in technology transfer and corporate funding. This progress is expected to continue with a 10 percent growth rate per year. This target recognizes the need for economic development activity with significant industrial support for R&D, resulting in income generated by both technology transfer and the jobs created.

We have had an increase of 35 percent in competitively awarded grants and contracts since FY 2001; a doubling in sponsored funding from private sources alone between FY 2002 and FY 2003; and a doubling of licenses related to technology transfer in the private sector in the same time period.
### Students: Fall 2003

<table>
<thead>
<tr>
<th></th>
<th>UO</th>
<th>OUS</th>
<th>UO's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td># Fall 2003 Headcount</td>
<td>20,034</td>
<td>79,558</td>
<td>25.2%</td>
</tr>
<tr>
<td># Total FTE enrollment</td>
<td>19,301</td>
<td>67,439</td>
<td>28.6%</td>
</tr>
<tr>
<td># Undergraduates</td>
<td>15,986</td>
<td>64,516</td>
<td>24.8%</td>
</tr>
<tr>
<td>&quot; Percent 25 or older</td>
<td>12%</td>
<td>23%</td>
<td>13.0%</td>
</tr>
<tr>
<td>&quot; Percent part-time (&lt;12 hours)</td>
<td>10%</td>
<td>22%</td>
<td>11.0%</td>
</tr>
<tr>
<td># Graduates</td>
<td>4,048</td>
<td>15,042</td>
<td>26.9%</td>
</tr>
<tr>
<td>&quot; Masters, postbaccalaureate, non-admit</td>
<td>2,382</td>
<td>11,519</td>
<td>20.7%</td>
</tr>
<tr>
<td>&quot; Doctoral, first-professional</td>
<td>1,666</td>
<td>3,523</td>
<td>47.3%</td>
</tr>
<tr>
<td># New undergraduate community college transfers</td>
<td>762</td>
<td>4,545</td>
<td>16.8%</td>
</tr>
<tr>
<td># Ethnicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot; African American</td>
<td>315</td>
<td>1,447</td>
<td>21.8%</td>
</tr>
<tr>
<td>&quot; American Indian</td>
<td>234</td>
<td>988</td>
<td>23.7%</td>
</tr>
<tr>
<td>&quot; Asian/Pacific Islander</td>
<td>1,156</td>
<td>5,306</td>
<td>21.8%</td>
</tr>
<tr>
<td>&quot; Hispanic/Latino</td>
<td>581</td>
<td>2,802</td>
<td>20.7%</td>
</tr>
<tr>
<td>&quot; White</td>
<td>14,694</td>
<td>58,467</td>
<td>25.1%</td>
</tr>
<tr>
<td>&quot; Unknown / Multiple Ethnicities</td>
<td>1,813</td>
<td>6,665</td>
<td>27.2%</td>
</tr>
<tr>
<td>&quot; Nonresident Alien</td>
<td>1,241</td>
<td>3,883</td>
<td>32.0%</td>
</tr>
<tr>
<td># Total annual unduplicated headcount (2002-03)</td>
<td>24,223</td>
<td>107,626</td>
<td>22.5%</td>
</tr>
</tbody>
</table>

### Degrees: 2002-03

<table>
<thead>
<tr>
<th></th>
<th>UO</th>
<th>OUS</th>
<th>UO's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td># Total</td>
<td>4,534</td>
<td>15,199</td>
<td>29.8%</td>
</tr>
<tr>
<td>&quot; Associate</td>
<td>0</td>
<td>87</td>
<td>0.0%</td>
</tr>
<tr>
<td>&quot; Bachelor's</td>
<td>3,277</td>
<td>11,063</td>
<td>29.6%</td>
</tr>
<tr>
<td>&quot; Master's</td>
<td>931</td>
<td>3,433</td>
<td>27.1%</td>
</tr>
<tr>
<td>&quot; Doctoral</td>
<td>156</td>
<td>357</td>
<td>43.7%</td>
</tr>
<tr>
<td>&quot; First Professional</td>
<td>170</td>
<td>259</td>
<td>65.6%</td>
</tr>
</tbody>
</table>

### Tuition & Fees: 2003-04

( based on 15 credit hours for undergraduates and 12 credit hours for graduates)

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># Resident undergraduate</td>
<td>$5,039</td>
<td></td>
<td></td>
</tr>
<tr>
<td># Resident graduate</td>
<td>8,958</td>
<td></td>
<td></td>
</tr>
<tr>
<td># Nonresident undergraduate</td>
<td>16,938</td>
<td></td>
<td></td>
</tr>
<tr>
<td># Nonresident graduate</td>
<td>13,734</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Resident Undergraduate Student Budget, 2003-04

- **Tuition & Fees**: $5,039
- **Books & Supplies**: $900
- **Room & Board**: $6,570
- **Total**: $14,859
Faculty: 2003-04 (Full-Time Ranked Instructional)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Total</th>
<th>Men</th>
<th>Percent of Total</th>
<th>Women</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>688</td>
<td>434</td>
<td>63%</td>
<td>254</td>
<td>37%</td>
</tr>
<tr>
<td>Professor</td>
<td>196</td>
<td>149</td>
<td>76%</td>
<td>47</td>
<td>24%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>203</td>
<td>123</td>
<td>61%</td>
<td>80</td>
<td>39%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>190</td>
<td>117</td>
<td>62%</td>
<td>73</td>
<td>38%</td>
</tr>
<tr>
<td>Instructor/Lecturer</td>
<td>99</td>
<td>45</td>
<td>45%</td>
<td>54</td>
<td>55%</td>
</tr>
</tbody>
</table>

Faculty: 2003-04 Average Compensation by Rank (includes salary and benefits)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Total, All Ranks</th>
<th>Professor</th>
<th>Associate Professor</th>
<th>Assistant Professor</th>
<th>Instructor/Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td>$</td>
<td>$86.9</td>
<td>$109.7</td>
<td>$80.7</td>
<td>$72.0</td>
<td>$53.2</td>
</tr>
</tbody>
</table>

Faculty and Staff: 2003-04

<table>
<thead>
<tr>
<th>Category</th>
<th>UO</th>
<th>Percentage</th>
<th>OUS</th>
<th>Percentage</th>
<th>UO’s % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>3,709</td>
<td>100%</td>
<td>12,096</td>
<td>100%</td>
<td>30.7%</td>
</tr>
<tr>
<td>Faculty*</td>
<td>1,511</td>
<td>41%</td>
<td>5,658</td>
<td>47%</td>
<td>26.7%</td>
</tr>
<tr>
<td>Executive/administrative</td>
<td>41</td>
<td>1%</td>
<td>412</td>
<td>3%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Professional non-faculty</td>
<td>803</td>
<td>22%</td>
<td>2,486</td>
<td>21%</td>
<td>32.3%</td>
</tr>
<tr>
<td>Secretarial/clerical</td>
<td>647</td>
<td>17%</td>
<td>1,812</td>
<td>15%</td>
<td>35.7%</td>
</tr>
<tr>
<td>Technical/paraprofessional</td>
<td>256</td>
<td>7%</td>
<td>719</td>
<td>6%</td>
<td>35.6%</td>
</tr>
<tr>
<td>Skilled craft</td>
<td>109</td>
<td>3%</td>
<td>310</td>
<td>3%</td>
<td>35.2%</td>
</tr>
<tr>
<td>Services/maintenance</td>
<td>342</td>
<td>9%</td>
<td>699</td>
<td>6%</td>
<td>48.9%</td>
</tr>
</tbody>
</table>

*Those holding academic rank with assignments of instruction, research, or public service.

Campus Facilities: 2003

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Gross Square Feet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total all facilities</td>
<td>318</td>
<td>6,222,134 gsf*</td>
</tr>
<tr>
<td>E&amp;G facilities</td>
<td>32%</td>
<td>17%</td>
</tr>
<tr>
<td>Percent built between 1960-1975</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent of E&amp;G in deferred maintenance</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Gross square feet

Current Projects:
- Many Nations Longhouse
- Living Learning Center
- Univ. Health & Counseling Center
- Museum of Art

Facilities Needs:
- Classroom, lab modernization
- Code, deferred maintenance
- New education building
- Music expansion, remodel
- Allied arts, architecture expansion
- New biosciences - Tier 1
- Integrative information science research building
- International studies building
- New student residences
### Annual Revenues and Expenditures: 2002-03

<table>
<thead>
<tr>
<th></th>
<th>UO (in thousands)</th>
<th>OUS (in thousands)</th>
<th>UO's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonoperating Revenues (expenses)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government appropriations</td>
<td>71,025</td>
<td>371,495</td>
<td>19.1%</td>
</tr>
<tr>
<td>All other</td>
<td>32,239</td>
<td>41,580</td>
<td>77.5%</td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td>382,491</td>
<td>1,183,684</td>
<td>32.3%</td>
</tr>
<tr>
<td>Tuition and fees</td>
<td>137,658</td>
<td>385,983</td>
<td>35.7%</td>
</tr>
<tr>
<td>Grants and contracts</td>
<td>166,994</td>
<td>585,624</td>
<td>28.5%</td>
</tr>
<tr>
<td>All other</td>
<td>77,839</td>
<td>212,077</td>
<td>36.7%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>471,379</td>
<td>1,579,234</td>
<td>29.8%</td>
</tr>
<tr>
<td>Instruction</td>
<td>121,044</td>
<td>401,694</td>
<td>30.1%</td>
</tr>
<tr>
<td>Research</td>
<td>46,102</td>
<td>206,542</td>
<td>22.3%</td>
</tr>
<tr>
<td>Public service</td>
<td>21,807</td>
<td>87,865</td>
<td>24.8%</td>
</tr>
<tr>
<td>All other</td>
<td>282,426</td>
<td>883,133</td>
<td>32.0%</td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS

REPORT ITEM

a. Conversations with the Board: Oregon Institute of Technology 35

ACTION ITEMS

a. OUS Undergraduate Admission Policy for the 2005-06 Academic Year 58

CONSENT ITEMS

a. OHSU, M.S., Ph.D., Biomedical Engineering 69
b. OSU, graduate certificate, Sustainable Natural Resources 72
c. Resolution—refunding bond sale 74
d. Naming of Southern Oregon University Library 76
e. OSU and PSU—authorization to award honorary degrees 79

REPORT ITEMS

a. Distance Learning 83
President’s Conversation
with the Board
February 20, 2004

(revised from 10/17/03 presentation to the Board)

Background Information

Martha Anne Dow, President
MAJOR PRIORITIES AND STRATEGIC ISSUES
Oregon Institute of Technology has a unique mission as Oregon’s institute of technology to deliver technology education throughout the state and the Pacific Northwest region.

OIT has a long tradition of direct connection with the economy and workforce development in the areas of engineering, engineering technologies, and the health professions. The OIT programs in management, communication, and the applied sciences also produce graduates that are very successful in a variety of professions. The graduate success rate for the last five graduating classes is 96 percent, with an average starting salary (for 2002 graduates) at $45,400. Ninety-one percent of employed 2002 graduates were in their professional field of study.

Currently, we are increasing access through more statewide and Internet delivery and increasing affordability through a new scholarship fund-raising campaign.

The major university priorities for 2003-2005 include:

1. Enhancing the living and learning environment.

Student success continues to be the number one goal at OIT. To accomplish this, OIT is committed to sustaining the quality of its programs and increasing accessibility to Oregonians and others. Maintaining a successful student living and learning environment is the key to fulfilling that goal. Our main strategic initiatives have addressed (1) improving retention and graduation rates through the development and implementation of a Student Success Plan that strengthens our advising, tutoring, and mentoring programs; (2) implementing freshman success seminars and learning communities; (3) improving the main campus environment by renovating the College Union and planning new residence facilities; and (4) creating the right environment for success with our web-based and Portland degree completion programs for working professionals.

2. Developing “centers of excellence” in health professions education and in renewable energy education and applied research.

**HEALTH**: OIT will expand its leadership role in health professions (allied health) education through the establishment of a Center for Health Professions. A business plan has been developed in partnership with public and private health care entities. The plan focuses on expanding OIT’s capacity for increasing enrollment in high market demand health modalities and raising the funds to build new facilities to meet educational and clinical needs. Partnerships with community colleges will be expanded to meet workforce needs. The cost of this project is in the $10-$20 million range.

**RENEWABLE ENERGY**: OIT will expand its leadership role in renewable energy education and applied research. This will include developing projects to build “sustainable” campuses in Klamath Falls and Portland. The focus of this activity will be integrating the academic programs and applied research of the Oregon Renewable
Energy Center (OREC) into campus life. OIT’s Klamath Falls campus is well positioned for this activity, since it has been geothermally heated and cooled for nearly 40 years, saving us millions of dollars in fuel costs and establishing OIT as a model campus for such energy use. With OREC being established as a “center of excellence” for OIT, its staff will explore the use of the Klamath Basin’s sunny days to convert solar power to electricity and other projects as they are developed. One of these projects being considered is a zero-base energy use Residence Hall – where heat, cooling, and electric power is supplied by renewable energy sources. OREC is already working with Clackamas Community College in an academic program initiative at its Wilsonville Training Center and will continue to build partnerships with community colleges in addressing workforce needs in the emerging “smart energy” technologies.

The major strategic issues are addressed by these questions:

a. How can we develop the public/private partnerships to support these “centers of excellence,” both programmatically and financially?

b. How can we manage these centers using a creative public/private business model?

c. How can OIT extend both its health professions and renewable energy programs and services to other locations in Oregon to increase access to them?

3. Managing enrollment to maximize access.

We are challenged by the need to “size ourselves” appropriately to meet industry demands and to maintain our tradition of quality programs. Growth is important for OIT to achieve its statewide mission and its strategic objectives. While we are pleased by the increasing demands for our graduates by businesses, industry, health care, and government agencies, we are also challenged by the new approach to funding public higher education. Our enrollment is currently at its highest point in history, and our goal is to move from an FTE of 2,260 in Fall 2002 to an annualized FTE of 2,518 in Fall 2005.

OIT is implementing an enrollment management and marketing plan, which was developed following a study during 2002-03. In its initial year, the plan will target strategies to increase enrollment in areas in which we have additional capacity without significant additional costs for personnel and facilities. These include degree completion programs in allied health delivered via the web or other means to provide access to place bound students; the Geomatics (formerly surveying) program; and co-enrollment and transfer agreements with community colleges in the management majors, and Information Technology.

The major strategic issue is managing enrollment. These questions arise:

a. How do we determine what new programs to add, where to add them, and how to fund the initial costs?

b. How do we meet our commitment of access to all qualified Oregonians when our most in-demand programs continue to grow and there are not adequate resources to increase capacity?
c. How do we develop capacity to provide graduates to meet workforce and economic needs?

4. Graduate studies.

In the current workforce environment, there is an increased interest in technology-oriented graduate degrees. We are currently developing a Master’s degree program in Manufacturing Engineering Technology at the request of and in partnership with the Boeing Company. This program will be extended to our Portland location and will offer a substantial benefit to manufacturing industries in the Portland area.

5. Generating private support.

Strategically, OIT needs to generate additional private support to maintain the quality of our programs and enhance the new initiatives being advanced through the strategic planning process. OIT will increase our support from the private sector through a major fund-raising campaign. The first thrust of this campaign, which was begun last fall, is specifically for scholarships to increase access and address affordability issues for our students. Later parts of the campaign will focus on campus infrastructure.

An important preliminary to fund-raising efforts is the continued nurturing of relationships with industry partners, community friends and supporters, and alumni. We are developing programs to increase our “connections” with our alumni, a resource that holds great untapped potential for OIT. This initiative will include both friend-raising and fund-raising efforts. Our alumni, who have dramatically increased their support of OIT in the past four years, and, through their connections with industry, will be an important part of OIT’s fund-raising campaign.

6. Retaining a strong faculty in a highly competitive environment.

OIT will support continuing faculty professional development opportunities and the development of a compensation plan. The average starting salary for our 2002 graduates was $45,400, almost as much as the average faculty salary of $50,700. The strategic issue is the current status of the salary freeze and the challenge of developing ways to provide incentives for faculty and staff to recognize their productivity and dedication. Faculty expertise and commitment are keys to OIT’s success.

For additional information, refer to the Strategic Plan document, which is attached.

FINANCIAL SELF-ASSESSMENT

Based on the Financial Composite Index developed by Ron Salluzzo and Fredric Prager, OIT’s financial health is marginal. This composite index is composed of four ratios: reserve ratio, income to expense ratio, return on net assets ratio, and long term debt ratio. OIT is not performing optimally in revenue growth, growth in assets or reserves. We need to find additional sources of revenue, increase reserves, add capital assets,
and lower long-term debt. These are formidable financial objectives at this time of uncertain support from the public sector.

Faculty compensation is a significant concern as salaries are slipping in competitiveness with our peer group of 12 institutions, going from third to fifth in two years.

While financial health is not optimal, OIT management has been disciplined in making financial decisions supporting access and quality in the instruction functions. From 2002 to 2003, OIT has:

a. Increased expenditures in instruction, research, and academic support by 7 percent.
b. Reduced institutional overhead 13.6 percent from $5,082 to $4,390 per FTE.
c. Improved the operating margin from a negative $521,000 to a positive $89,000.

While tuition increased by 20 percent from fall 2002 to fall 2003, OIT has maintained a 17 percent effort in fee remissions to help needy students. The trend in increasing funds for quality instruction and fee remissions continues in the 2004 budget. Overhead per FTE is projected to be less for 2004.

### OIT Budget 1999-2004

<table>
<thead>
<tr>
<th></th>
<th>1999-00</th>
<th>2000-01</th>
<th>2001-02</th>
<th>2002-03</th>
<th>2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>$15,746,679</td>
<td>$16,084,257</td>
<td>$18,148,913</td>
<td>$17,341,617</td>
<td>$15,509,218</td>
</tr>
<tr>
<td>Tuition (net)</td>
<td>4,234,501</td>
<td>4,796,402</td>
<td>5,492,350</td>
<td>6,129,880</td>
<td>7,125,447</td>
</tr>
<tr>
<td>Other income</td>
<td>1,068,898</td>
<td>1,918,450</td>
<td>2,034,587</td>
<td>2,641,888</td>
<td>2,648,336</td>
</tr>
<tr>
<td>Total</td>
<td>$21,050,078</td>
<td>$22,799,109</td>
<td>$25,675,850</td>
<td>$26,113,385</td>
<td>$25,283,001</td>
</tr>
<tr>
<td>Tuition and Other</td>
<td>$ 5,303,399</td>
<td>$ 6,714,852</td>
<td>$ 7,526,937</td>
<td>$ 8,771,768</td>
<td>$ 9,773,783</td>
</tr>
</tbody>
</table>
Priorities for 2004 that should improve the financial health of OIT include an emphasis on targeted marketing of select programs, alumni involvement, and the annual fund campaign.

Due to late actions by the legislature and the postponement of the plateau reduction implementation, the revenue plan for this biennium is $1,250,000 out of balance. We will ask the OIT Fiscal Operations Advisory Committee to revise our strategic priorities and revenue and expenditure build-up during this term.

OIT will experience an additional financial impact because of the failure of Measure 30. A potential further reduction of $395,000 will result in reductions again in course section offerings as well as administrative and student services.

**ENROLLMENT TRENDS**

OIT’s focused mission in engineering, engineering technology, and the health professions provides unique opportunities for the State of Oregon in public higher education. The enrollment at OIT fluctuates with the business/industry market needs and is subject to the economic conditions in the high tech and healthcare industries and OIT’s marketing strategies. The enrollment is also dependent on the ability of the institution to provide access statewide. After a period of declining enrollments during the early 1990’s, which reflected the business environment and rising tuition, OIT has experienced continuing growth through the addition of new programs, emphasis on retention and scholarship programs, and a concerted effort to expand access through the Portland campus and other extended programs. OIT has exhibited over a 32 percent increase in enrollment since 1996.

Overall enrollment growth on the campus is expected to be at a rate of 1.5 percent per year, with growth of 12 percent in student credit hours over the biennium in the high demand areas of engineering, computer science and information technology (ETIC metrics). OIT is undertaking an extensive enrollment management effort with focused activities to identify and enroll additional students in targeted areas that have workforce demand and OIT has existing capacity, including geomatics, information technology, management, and web-based health programs. These efforts will include leadership by a broad Enrollment Marketing Work Group representing faculty, staff, and administration on campus under the leadership of the Director of Admissions. Faculty involvement will include the identification of a faculty “champion” for each area and extensive activities with the professional community and alumni network in the state.

As we aggressively increase access to health programs, we will expand capacity and outreach. The results of new recruitment and retention efforts are likely to be partially offset by the higher cost of education at OIT; hence we are projecting a conservative growth rate. We continue to believe that the higher cost of a technology-focused education is well worth the expense to the student, due to the higher career earnings potential. Note that OIT’s costs per student are among the highest in OUS due to the cost of laboratories and faculty salaries in technology areas.
NEW PROGRAMS WITH PARTNERS

New programs that will be added during this biennium include the Respiratory Care program, offered in Medford, in partnership with Rogue Community College; the Master’s degree in Manufacturing Engineering Technology in partnership with Boeing in Seattle; a Bachelor’s degree program in Dental Hygiene in La Grande, in partnership with the ODS Companies (a Portland-based multi-faceted organization that provides dental, medical, and professional liability insurance products and business services) and Eastern Oregon University; and a minor in Information Technology to be delivered at a distance in partnership with Eastern Oregon University. The following table indicates the expected enrollment in those programs in the final year of the biennium and the expected long-term enrollment in those programs.

Of special note is OIT’s partnership with Klamath Community College. OIT played a major role in the founding of KCC in the mid-1990s and, since 1995, has sustained a joint enrollment program. Each term, approximately 100 students from KCC are enrolled in OIT courses and there is an increasingly defined path of students moving from their initial education at KCC to one of OIT’s Bachelor’s degree programs. The KCC-OIT partnership today includes coordinated calendars, schedules, admissions, and financial aid processes; shared classrooms, labs, library, and bookstore services; student-focused academic articulation through individualized advising; and, for the past four years, Rising Junior Scholarships to make the transition more affordable. Both KCC and
OIT are proud of the fact that the number of Klamath Basin residents participating in higher education opportunities has effectively doubled since KCC first started offering classes in 1996.

OIT is expanding its graduate program delivery in partnership with Boeing in Seattle through the development of a Master’s degree in Manufacturing Engineering Technology. This degree will not only meet the needs of workplace professionals inside the Boeing Company, but will be provided in Portland to working professionals and our corporate partners, as well as in Klamath Falls to students on the main campus.

<table>
<thead>
<tr>
<th>New Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PROGRAM</strong></td>
</tr>
<tr>
<td>Respiratory Care</td>
</tr>
<tr>
<td>Manufacturing M.S.</td>
</tr>
<tr>
<td>Dental Hygiene La Grande</td>
</tr>
<tr>
<td>Information Technology Minor</td>
</tr>
</tbody>
</table>

**SPECIAL EXCELLENCE INITIATIVES**

Renewable Energy: OIT is continuing to develop a center of excellence in renewable energy technologies, the federally-funded Oregon Renewal Energy Center. OREC, established by legislation in the 2001 session, is engaged in a partnership with Clackamas Community College for the delivery of a renewable energy systems degree at the baccalaureate level. OREC faculty and staff will implement a research and instructional partnership with CCC at the Wilsonville utility training site, as well as at their main campus. OREC is also exploring partnerships in education, training, and applied research with PGE and PacifiCorp. OIT will develop a renewable energy emphasis in existing engineering and technology curricula on the main campus.

Center for Health Professions: OIT has developed a business plan for the Center for Health Professions (CHP). In partnership with the health industries in the state, OIT continues to survey the need for employees in the health professions. In partnership
with the Oregon Health and Science University and community colleges throughout the state, we are developing and delivering baccalaureate programs in a wide range of health professions. Clinical Laboratory Science and Paramedic Education are delivered in Portland in cooperation with OHSU. Numerous programs are delivered in Klamath Falls to over 750 residential students. And we are expanding our partnership with Klamath Community College, Rogue Community College, and Umpqua Community College to support student access to programs in the health professions. And, as previously mentioned, a program in dental hygiene to be offered in La Grande with Eastern Oregon University and sponsored by ODS will begin in the Fall of 2004.

CHP recently received a federal earmark of $50,000 to implement the first phase of the business plan.

**DISTANCE EDUCATION**

OIT has recently reorganized its Distance Education office to more effectively provide technology education to Oregonians throughout the state. We are continuing to develop curricula for distance delivery in the health professions, information technology, engineering technology, and management in partnership with other members of the Oregon University System. The health programs that are available by web-based delivery include three bachelor’s degree-completion programs from the Medical Imaging Technology Department: Radiologic Science, Vascular Technology, and Echocardiography. In addition, the bachelor’s degree completion program in Dental Hygiene and the Picture Archiving and Communications Systems (PICS) specialization will become available. Some of these programs already have students. All of them are poised to begin an aggressive targeted marketing effort in 2004.

**ACADEMIC AFFAIRS**

Program Reduction/Consolidation - Academic and Administrative: The academic affairs office of OIT has been restructured during the past several years to reduce the cost of administering academic programs during a time of declining resources. OIT programs are organized into two schools, the School of Engineering, Technology, and Management, and the School of Health, Arts and Sciences. The dean function in each of those schools is currently being performed by the Assistant Provost for Academic Affairs, thus decreasing the administrative overhead by one position. No decision has been made on the permanence of this arrangement, but we continue to examine the strengths and weaknesses of this operational model.

We have completed the closure of a program in Information Technology at Ft. Lewis, Washington. The continuing students near degree completion are being advised and monitored through OIT’s Portland Operations sites.

We are also completing the closure of the Laser Optical Engineering Technology program. The student demand for that program did not reach the targets originally established for the program, and it was terminated due to fiscal realities. The laser
laboratory equipment and faculty expertise are being focused on a new optoelectronics specialization within the Electronics Engineering Technology department. Assessment of workforce demand indicates that there is a need for professionals with optics experience.

Faculty Resources: Due to diminished revenue and the need to enhance productivity, there will be little growth in the number of the faculty during the coming biennium. The exceptions will be in the high priority areas for the institution, i.e., the centers of excellence, and the areas of highest growth of student demand. The impact of increasing enrollment in the health programs will require additional faculty in the general education areas. This issue will be assessed during the 2003-04 year.

FACILITIES

Space Requirements:

New Facilities: OIT is in need of two new facilities, a Center for Health Professions and a modern multi-purpose residential facility.

1. The Center for Health Professions would need to be approximately 80,000 square feet for labs, classrooms, clinics, and faculty offices. This fall, we remodeled classrooms in Semon Hall in order to increase capacity and meet accreditation requirements. This activity received matching private support. Securing match for G bonds will be a real challenge with the current financial condition of the institute. The match will have to come from sources other than the operating budget and reserves. This effort will be part of a fund-raising campaign.

2. Our present student housing is not modern in the sense that it does not provide the privacy, amenities, or services expected by our students. As a result, the number of students living on campus is declining. To maintain a residential campus, we need to provide the type of housing desired by today’s student. We are currently developing a student housing proposal that incorporates a net zero energy consumption concept that will serve as a living and learning laboratory for students in our technical majors. Private support is being pursued for the mechanical and energy aspects of the facility.

Renovations:

1. Our most pressing renovation and expansion need is the Learning Resources Center, which includes our library. The Northwest Commission on Colleges and Universities gave us notice that additional student and collection space is necessary to maintain our accreditation.

2. Major renovations are needed for three classroom buildings: Semon, Cornett, and Owens Halls. The rapid growth of the health professions programs has caused overcrowding and reconfigurations in these facilities that will need to be addressed.
when the Center for Health Professions comes online. These facilities are all in need of renovation to accommodate new instructional technology as well as new student workstations.

**Deferred Maintenance:** According to the Oregon University System’s Resource Renewal Model, $16,000,000 in deferred maintenance exists throughout the campus at this time.

In 2002, the federal standards for arsenic levels in potable water changed. The wells that supply OIT’s water no longer meet the federal standards. We have until 2006 to bring our potable water supply in compliance with the new standards.

**TUITION/AFFORDABILITY STRATEGIES**

The following graphs illustrate the trend in tuition and fee increases between 1992-2004.
Our current approved tuition strategy is to complete the elimination of the plateau in 2005. In 2004, we propose to increase the tuition rate by 12 percent from $93 to $104 per credit.

For the past several years, we have been in a partnership agreement with Klamath Community College funded by the State to provide KCC students access to OIT classes at KCC tuition rates. The funding for this partnership will run out at the end of 2004. We are in negotiations with KCC leadership on how to continue this partnership without the funding. We may propose a tuition that is between the KCC tuition and our regular in-state tuition/credit. Also, we are developing other community college and private partnerships in which we wish to propose differential tuitions.

We are currently revising all of our contracts for educational services to ensure we are providing instruction at the current tuition plus State support level.

Due to the economic demographics of many of our students, we are very concerned about affordability. Two ratios we are watching are tuition as a percent of Oregon per capita income (15.4 percent) and average cost of attendance as a percent of Oregon per capita income (45.3 percent). Both of these are above 2001 averages from national comparison groups of 10.0 percent and 27 percent respectively.

Two out of every three OIT students (67 percent) are receiving some type of financial aid. As tuition increases, we must find ways to be sure that OIT is accessible to the students with the most financial need. Currently, we have budgeted a 17 percent fee
remission allocation. Last fall, we disbursed $598,078. By spring term, our disbursed fee remissions will total approximately $1.7 million. In addition, for this year, we have awarded over $250,000 in scholarships managed by the Oregon Tech Foundation. The challenge for OIT will be to double the private scholarship donation.

**FUND RAISING EXPECTATIONS**

Financial support from alumni friends and industry partners becomes increasingly important as OIT strives to respond to provide quality academic programs and optimal student services. Several significant developments have occurred in advancement and development initiatives during the last four years.

1. The percentage of alumni that participate in financial gifts has increased from 3 to 10.3 percent.

2. Over 2,400 new addresses of alumni have been added in the last year.

3. The annual fund contributions increased 33 percent between 2001 and 2002.

4. Several recognition events have increased the giving levels.

Increasing the alumni database and offering more alumni activities, both on and off campus, should increase the alumni participation to 20 percent over the next five years. The annual fund goal is to increase the amount each year to $1 million in 2008. An overall strategy will focus on annual giving increases in the unrestricted category in order to assist OIT during times of declining state revenue support.
A capital campaign feasibility study done last spring projected that OIT could raise $30 million during the next five years.

A fund-raising campaign is now under way to raise an initial $3 million to increase scholarship support.

The biggest challenge for a comprehensive fund-raising effort is finding resources for the development and advancement infrastructure. We have added one new position this year—an annual fund director—to support this effort.

**RESEARCH**

As it begins its third year, the Oregon Renewable Energy Center created by state legislation in 2001 has received financial support from U.S. Department of Energy, the Engineering Technology Industry Council, and private industry. The overarching goal is to establish OIT as a national leader in renewable energy education and applied research. The opportunity for applied research projects for undergraduate students in the engineering and computer technologies is an attribute of this initiative.

The programmatic focus will be on “smart energy,” the convergence of telecommunications, computing, and energy technologies to bring about “smart” grid operations and end use management. Projected growth in grants and contracts is $1 million over the 2003-05 biennium.

The influence on economic development includes early stage commercialization of energy systems.

**PERFORMANCE MEASURES**

**Performance Targets** for the key strategic initiatives for 2003-2005 are:

1. Center for Health Professions
   a. Double the OIT enrollment in the health professions programs.
   b. Create ten significant partnerships with education and private health care institutions and equipment manufacturers to address the workforce needs of Oregon and the region.

2. Oregon Renewable Energy Center
   a. Obtain a national ranking among like institutions.
   b. Obtain two key research projects that involve five student researchers.
   c. Develop two intellectual property licenses granted to commercial entities.

3. Increase FTE enrollment to 2,518 by 2005.
OUS-OIT Performance Targets

<table>
<thead>
<tr>
<th></th>
<th>2002</th>
<th>2004-05</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Persistence Freshmen</td>
<td>68.9%</td>
<td>73%</td>
<td>75%</td>
</tr>
<tr>
<td>Persistence Satisfaction</td>
<td>93%</td>
<td>93%</td>
<td>Sustain</td>
</tr>
<tr>
<td>R &amp; D - gifts, grants, contracts</td>
<td>$2.0 million</td>
<td>$3.0 million</td>
<td></td>
</tr>
<tr>
<td>Total degrees</td>
<td>360</td>
<td>375</td>
<td></td>
</tr>
<tr>
<td>Degrees in shortage areas Engineering, Computer, IT 12% increase</td>
<td>178</td>
<td>242</td>
<td></td>
</tr>
<tr>
<td>Mission Specific Women enrolled in engineering 15% increase</td>
<td>101</td>
<td>117</td>
<td></td>
</tr>
<tr>
<td>Bachelors Degree completion (6 years)</td>
<td>41%</td>
<td>43%</td>
<td></td>
</tr>
</tbody>
</table>

MANAGING AND ASSURING QUALITY

With declining state resources, OIT has continued to focus on a “student first” philosophy. During a campus-wide budgeting process, we committed to filling faculty positions in program areas that are critical. We also allocated a sum to an institutional equipment budget to assist in providing basic equipment needs. This budget item had been eliminated during last year as we struggled with budget reductions. The instructional budget received an additional allocation to provide resources to support additional adjunct faculty in order to maintain course sections that serve the general education courses in math, communication, humanities, and social sciences.

To focus on maintaining and assuring quality in the classroom, we made compromises in administrative services.

The OIT faculty are dedicated and motivated to provide quality academic programs. The student services area and faculty are continuing to implement and develop optimum learning environments, which include mentoring, tutoring, and learning communities. The biggest challenge for OIT in providing quality instruction is the difficulty in acquiring and maintaining equipment necessary for an optimum applied learning environment.
Through the advice of the industry advisory councils, we continue to assess and change the curricula to meet the needs of the professions. The strategic issue is to develop business partnerships to enhance our ability to educate students in the ever-changing world of technology.

Our increases in enrollment in the health programs particularly will require additional equipment. Currently, we are developing partnerships with companies who manufacture those instruments as well as the hospitals and clinics that buy state-of-the-art equipment.

We wish to maintain small class sizes in the laboratories and the student/faculty ratios that are conducive to a quality learning environment.

We have additional enrollment capacity in several major programs, but we need to add faculty to the programs in health, computer engineering technology, and the general education areas of math, science, and communications.

**In summary, OIT has a unique and important niche in the Oregon University System. We wish to thank the members of the Board for your recognition and support.**
Oregon Institute of Technology formalized a Strategic Plan entitled, “Shaping the Future of Technology Education in 1994.” The strategic planning process continues with the following Strategic Directions and Goals—A 5 Year Plan, 2002-07. A summary of specific priorities for 2003-05 is listed at the end of this document.

**Vision**: Oregon Institute of Technology shall be a leader in higher education in the Northwest providing Oregon, the region, and the nation with graduates who have the knowledge and skills to excel in an increasingly technological workplace. In addition to our reputation for teaching excellence, we will be known for our commitment to applied research, scholarship, and economic development.

**Mission**: Oregon Institute of Technology, the only public institute of technology in the Pacific Northwest, provides degree programs in engineering and health technologies, management, communications, and applied sciences that prepare students to be effective participants in their professional, public and international communities. Six objectives are central to our mission:

1. Provide degree programs that enable graduates to obtain the knowledge and skills necessary for immediate employment.

2. Enable students to be effective communicators, responsible citizens, and lifelong learners by assisting them in the development of critical thinking and problem-solving skills, and ethical and cultural awareness.

3. Offer continuing and distance education and advanced professional studies to meet the emerging needs of today's citizens.

4. Provide informational and technical expertise to regional, state, national, and global publics in applied research.

5. Develop and maintain partnerships with public and private institutions, business and industry, and government agencies to ensure quality programs that meet the needs of students and the organizations that employ them.

6. Provide statewide access to address the needs of the Oregon workforce.
Marketing Mission (Elevator Speech): OIT advances knowledge by educating students in engineering, technology, health, management, information, and environmental programs. Emphasis on creative and experiential instruction, coupled with our close ties to industry, prepares students for professional careers and lifelong learning. The institute fosters economic development through meeting workforce needs and applied research.

The success of our students is the number one goal at OIT. As we examine the economic and political environment in Oregon and consider our future roles as educators, two key needs emerge. We must sustain the quality of our programs and increase their accessibility to Oregonians.

Five Year Goals
2002-2007
(7/1/02 – 6/30/07)

Access: OIT will offer its programs to a wider range of students.

To accomplish this, we will (1) develop existing and new academic programs and offer them wherever they are needed; (2) use appropriate alternative instructional delivery methods; (3) enhance the diversity of the student body with special emphasis on recruiting and retaining women in engineering and technology programs and minority students in all programs; (4) increase the retention and graduation of international students; (5) develop graduate degrees; and (6) expand the number of community college partnerships to support access activities.

Excellence: OIT is committed to program excellence and student-centered service.

To accomplish this, we will (1) set appropriate admissions standards; (2) increase student success, retention and graduation; (3) assess all academic programs periodically to maintain accreditation and licensure standards and to validate relevance and fiscal viability; (4) recruit and retain faculty and staff by offering competitive compensation and professional development opportunities; (5) provide faculty development opportunities to improve student learning; and (6) increase incentives and rewards for faculty and staff participation in applied research and other professional scholarship activities outside the classroom.

Workforce Development and Economic Opportunities: OIT will continue to be a community and statewide leader in integrating technology education with economic development.

To accomplish this, we will (1) engage with the community to develop a workforce and an economic strategy for the Klamath Basin; (2) become involved with statewide economic development issues that involve OIT areas of expertise; (3) lead the OUS system in graduate employment success rate; (4) increase the number of faculty and
staff who are involved in economic development initiatives; (5) strengthen our response to the educational needs of industry; and (6) build community engagement and commitment as a resource to the regional community.

**Fiscal and Operational Efficiency:** *OIT will emphasize continuing fiscal and operational efficiency.*

To accomplish this, we will (1) implement a process mapping improvement plan; (2) maximize private support and sponsored programs; (3) provide leadership in the development of a small university allocation model; and (4) work with OUS and the Board to develop “the new partnership with Oregon” for more autonomy and flexibility in higher ed administration; (5) assess the recently reorganized academic and administrative structures; and (6) optimize the condition and utilization of academic facilities.

**Partnerships:** *OIT will develop and maintain partnerships with business and industry, government agencies, and other public and private entities.*

To accomplish this, we will (1) implement marketing and communication plans; (2) focus on Klamath Community College, Pre-College, and Oregon Renewable Energy Center (OREC) partnerships; (3) enhance our connections with business and industry; and (4) develop and implement an identity and “visibility” strategy.

**Facilities Enhancement:** *OIT will develop academic and student services facilities that exemplify a premier institute of technology.*

To accomplish this, we will review and revise the Master Plan to include (1) a Cornett Hall plan; (2) completion of the College Union renovation; (3) a review of Library facilities; (4) an investigation of how to proceed for a new residence hall; and (5) a plan for the future of the Child Care facility.

## 2003-05 GOALS

OIT must continue to provide access to students throughout Oregon.

1. Emphasize alumni involvement in fund-raising and recruiting.

2. Implement an integrated marketing plan aligned with enrollment goals and resources.

3. Develop the Center for Health Professions—double the number of graduates in the health professions to meet workforce needs.

4. Develop and implement a campaign to increase financial resources.
5. The Oregon Renewable Energy Center at OIT will develop applied research projects and build a “sustainable” campus.

6. Implement a Masters’ degree in Manufacturing Engineering Technology.

7. Enhance professional development for faculty and staff.

8. Study and develop a comprehensive compensation plan for faculty and staff.
Students: Fall 2003

<table>
<thead>
<tr>
<th>OIT</th>
<th>OUS</th>
<th>OIT's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td># Fall 2003 Headcount</td>
<td>3,236</td>
<td>79,558</td>
</tr>
<tr>
<td># Total FTE enrollment</td>
<td>2,413</td>
<td>67,439</td>
</tr>
<tr>
<td># Undergraduates</td>
<td>3,235</td>
<td>64,516</td>
</tr>
<tr>
<td>* Percent 25 or older</td>
<td>34%</td>
<td>23%</td>
</tr>
<tr>
<td>* Percent part-time (&lt;12 hours)</td>
<td>37%</td>
<td>22%</td>
</tr>
<tr>
<td># Graduates</td>
<td>1</td>
<td>15,042</td>
</tr>
<tr>
<td>* Masters, postbaccalaureate, non-admit</td>
<td>1</td>
<td>11,519</td>
</tr>
<tr>
<td>* Doctoral, first-professional</td>
<td>0</td>
<td>3,523</td>
</tr>
<tr>
<td># New undergraduate community college transfers</td>
<td>203</td>
<td>4,545</td>
</tr>
<tr>
<td># Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>* African American</td>
<td>32</td>
<td>1,447</td>
</tr>
<tr>
<td>* American Indian</td>
<td>54</td>
<td>988</td>
</tr>
<tr>
<td>* Asian/Pacific Islander</td>
<td>152</td>
<td>5,306</td>
</tr>
<tr>
<td>* Hispanic/Latino</td>
<td>146</td>
<td>2,802</td>
</tr>
<tr>
<td>* White</td>
<td>2,598</td>
<td>58,467</td>
</tr>
<tr>
<td>* Unknown / Multiple Ethnicities</td>
<td>228</td>
<td>6,665</td>
</tr>
<tr>
<td>* Nonresident Alien</td>
<td>26</td>
<td>3,883</td>
</tr>
<tr>
<td># Total annual unduplicated headcount (2002-03)</td>
<td>4,075</td>
<td>107,626</td>
</tr>
</tbody>
</table>

Degrees: 2002-03

<table>
<thead>
<tr>
<th>OIT</th>
<th>OUS</th>
<th>OIT's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td># Total</td>
<td>448</td>
<td>15,199</td>
</tr>
<tr>
<td>* Associate</td>
<td>79</td>
<td>87</td>
</tr>
<tr>
<td>* Bachelor's</td>
<td>365</td>
<td>11,063</td>
</tr>
<tr>
<td>* Master's</td>
<td>4</td>
<td>3,433</td>
</tr>
<tr>
<td>* Doctoral</td>
<td>0</td>
<td>357</td>
</tr>
<tr>
<td>* First Professional</td>
<td>0</td>
<td>259</td>
</tr>
</tbody>
</table>

Tuition, Fees, and Student Budget: 2003-04

Tuition & Fees: 2003-04
( based on 15 credit hours for undergraduates and 12 credit hours for graduates)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td># Resident undergraduate</td>
<td>$4,443</td>
</tr>
<tr>
<td># Resident graduate</td>
<td>6,6</td>
</tr>
<tr>
<td># Nonresident undergraduate</td>
<td>13,6</td>
</tr>
<tr>
<td># Nonresident graduate</td>
<td>11,2</td>
</tr>
</tbody>
</table>
Faculty: 2003-04 (Full-Time Ranked Instructional)

<table>
<thead>
<tr>
<th>#</th>
<th>Total</th>
<th>Men</th>
<th>Percent of Total</th>
<th>Women</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>114</td>
<td>75</td>
<td>66%</td>
<td>39</td>
<td>34%</td>
</tr>
<tr>
<td>Professor</td>
<td>28</td>
<td>21</td>
<td>75%</td>
<td>7</td>
<td>25%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>39</td>
<td>27</td>
<td>69%</td>
<td>12</td>
<td>31%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>43</td>
<td>26</td>
<td>60%</td>
<td>17</td>
<td>40%</td>
</tr>
<tr>
<td>Instructor/Lecturer</td>
<td>4</td>
<td>1</td>
<td>25%</td>
<td>3</td>
<td>75%</td>
</tr>
</tbody>
</table>

Faculty: 2003-04 Average Compensation by Rank (includes salary and benefits)

<table>
<thead>
<tr>
<th># Total, All Ranks</th>
<th>Faculty*</th>
<th>Executive/administrative</th>
<th>Professional non-faculty</th>
<th>Secretarial/clerical</th>
<th>Technical/paraprofessional</th>
<th>Skilled craft</th>
<th>Services/maintenance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$70.5</td>
<td>$79.6</td>
<td>$70.1</td>
<td>$62.2</td>
<td>$58.2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Faculty and Staff, 2003-04

<table>
<thead>
<tr>
<th># Total</th>
<th>OIT</th>
<th>OUS</th>
<th>OIT's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
</tr>
<tr>
<td>364</td>
<td>100%</td>
<td>12,096</td>
<td>100%</td>
</tr>
<tr>
<td>Faculty*</td>
<td>131</td>
<td>36%</td>
<td>5,658</td>
</tr>
<tr>
<td>Executive/administrative</td>
<td>28</td>
<td>8%</td>
<td>412</td>
</tr>
<tr>
<td>Professional non-faculty</td>
<td>66</td>
<td>18%</td>
<td>2,486</td>
</tr>
<tr>
<td>Secretarial/clerical</td>
<td>64</td>
<td>18%</td>
<td>1,812</td>
</tr>
<tr>
<td>Technical/paraprofessional</td>
<td>18</td>
<td>5%</td>
<td>719</td>
</tr>
<tr>
<td>Skilled craft</td>
<td>12</td>
<td>3%</td>
<td>310</td>
</tr>
<tr>
<td>Services/maintenance</td>
<td>45</td>
<td>12%</td>
<td>699</td>
</tr>
</tbody>
</table>

*Those holding academic rank with assignments of instruction, research, or public service.

Campus Facilities: 2003

<table>
<thead>
<tr>
<th># Total all facilities</th>
<th>27</th>
<th>708,500 gsf*</th>
</tr>
</thead>
<tbody>
<tr>
<td># E&amp;G facilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent built between 1960-1975</td>
<td>61%</td>
<td></td>
</tr>
<tr>
<td>Percent of E&amp;G in deferred maintenance</td>
<td>21%</td>
<td></td>
</tr>
<tr>
<td>(in millions)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total current replacement value</td>
<td>$131</td>
<td></td>
</tr>
<tr>
<td>E&amp;G plant</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>Auxiliary enterprises</td>
<td>63</td>
<td></td>
</tr>
</tbody>
</table>

*Gross square feet

Current Project:
- College Union expansion and renovation

Facilities Needs:
- Classroom, lab modernization
- Code, deferred maintenance
- Engineering, physics remodel in Cornett
- New student services bldg
- Physical & health sciences space reconfiguration
- Library addition
- Administration remodel
## Annual Revenues and Expenditures: 2002-03

<table>
<thead>
<tr>
<th></th>
<th>OIT (in thousands)</th>
<th>OUS (in thousands)</th>
<th>OIT's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nonoperating Revenues (expenses)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot; Government appropriations</td>
<td>17,085</td>
<td>413,075</td>
<td>4.1%</td>
</tr>
<tr>
<td>&quot; All other</td>
<td>1,240</td>
<td>41,580</td>
<td>3.0%</td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td>19,834</td>
<td>1,183,684</td>
<td>1.7%</td>
</tr>
<tr>
<td>&quot; Tuition and fees</td>
<td>8,000</td>
<td>385,983</td>
<td>2.1%</td>
</tr>
<tr>
<td>&quot; Grants and contracts</td>
<td>6,746</td>
<td>585,624</td>
<td>1.2%</td>
</tr>
<tr>
<td>&quot; All other</td>
<td>5,088</td>
<td>212,077</td>
<td>2.4%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>37,310</td>
<td>1,579,234</td>
<td>2.4%</td>
</tr>
<tr>
<td>&quot; Instruction</td>
<td>14,039</td>
<td>401,694</td>
<td>3.5%</td>
</tr>
<tr>
<td>&quot; Research</td>
<td>122</td>
<td>206,542</td>
<td>0.1%</td>
</tr>
<tr>
<td>&quot; Public service</td>
<td>1,462</td>
<td>87,865</td>
<td>1.7%</td>
</tr>
<tr>
<td>&quot; All other</td>
<td>21,687</td>
<td>883,133</td>
<td>2.5%</td>
</tr>
</tbody>
</table>
Undergraduate Admission Policy for the 2005-06 Academic Year

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

No changes in undergraduate admission requirements for the 2005-06 academic year have been proposed by OUS campuses. Two charts in the front of the report summarize freshman and transfer admission requirements for 2005-06.

**Brief Update on Aligning Undergraduate Admission with K-12 Student Learning in Oregon**
For more than a decade, Oregon’s policy makers and public education systems have held to the goal that all Oregon students should have the opportunity to prepare for postsecondary education. Making this goal a reality has required the development and implementation of rigorous standards for K-12 learning and systems of accountability for achieving results. A succession of national and state legislative and policy efforts to “leave no child behind” is being extended to postsecondary attainment, in response to the economy’s demand for higher skills and a stronger pipeline.

Among the ways that higher education shares responsibility for building a stronger pipeline is aligning admission standards with K-12 academic standards. (Many other actions taken simultaneously are also needed to improve preparation, access, and achievement – e.g., enhanced teacher education, better articulation with community colleges, accelerated learning options, integrated K-16 student data systems, etc.) In Oregon, results of “staying the course” in school reform and deliberate alignment of K-16 standards and assessments with OUS expectations of student preparation for admission, as directed by the Joint Boards of Education, is showing positive outcomes. As reported to both Boards and the legislature in 2003, results of *The First Year* study, based on more than 6,082 OUS freshmen and 12,519 community college students, found that students who met benchmarked standards in high school were more likely to succeed academically in their first year of college than those who did not. (A second *First Year* study using the next cohort of high school graduates who entered college is currently underway.)

There are a number of predictors of first year college success; these are captured in traditional OUS admission requirements such as the high school grade point average, rigorous curricular experience, and national test scores (e.g., SAT and ACT). An even more comprehensive picture of student preparation is obtained if proficiency information is added. Proficiency information includes benchmarked high school assessments in math knowledge, skills, and problem solving; reading; writing; science knowledge and skills; second language oral proficiency; and more. Development of standards, proficiencies, and their assessments has been endorsed by the legislature in Senate Bill
919 (1997) and is led by the Proficiency-based Admission Standards System (PASS) project in OUS.

To fully implement the Board's long-standing policy direction of including more proficiency information into the student’s admission profile, a direction that is consistent with public systems in many other states (and recently urged by the National Governors Association Center for Best Practices), better data connections are needed between high schools and postsecondary institutions. Considerable progress has been made during the past year in the design and implementation of an electronic P-16 Integrated Data-Transfer System, a collaboration among the Oregon Department of Education, the Oregon Department of Community Colleges and Workforce Development, and OUS. Staff from the three sectors are piloting a prototype during this academic year. Pending adequate funding, the target date for final statewide implementation is fall 2006. When the system is in place, through their high schools, student applicants will be able to send OUS and the community colleges more comprehensive information about their performance for use in admission and placement reviews. In turn, institutions in which students enroll will be able to provide more useful feedback to high schools about their students’ college success.

*Staff Recommendation to the Board*

Staff recommends that the general undergraduate admission policy be approved with no changes from the 2004-05 academic year requirements.
Undergraduate Admissions

The following two charts summarize freshman and transfer admission requirements for 2005-06. Subsequent sections of the report provide more detailed information.

| Undergraduate Freshman Admission Requirements for 2005-06 (Residents and Nonresidents) |
|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                                 | EOU       | OIT       | OSU       | PSU       | SOU       | UO        | WOU       |
| High School Graduation          | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       |
| Subject Requirements –          | Yes       | Yes       | Yes       | Yes       | Yes       | Yes plus 2 approved courses* | Yes       |
| 14 Units (4-English, 3-Math,    |           |           |           |           |           |           |           |
| 2-Science, 3-Social Studies,    |           |           |           |           |           |           |           |
| 2-Second Language)              |           |           |           |           |           |           |           |
| SAT I / ACT Scores**            | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       | Yes       |
| High School GPA                 | 3.00***   | 3.00      | 3.00      | 3.00      | 2.75      | 3.25      | 2.75      |
| Additional Campus Review        | Below 3.00 portfolio required | 2.50 to 2.99 | 2.75 to 2.99 | 2.70 to 2.99 | Below 2.75 | Below 3.25; or fewer than 16 subject units | Below 2.75 |
| Required                       |           |           |           |           |           |           |           |

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

** Minimum test scores are not set, but test results must be submitted and may be used during additional campus review processes.

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

Note: All OUS campuses conduct more comprehensive reviews of applicants who do not meet the minimum required GPA for admission. Reviews include additional factors such as standardized test results, rigor of courses taken, review of writing sample or personal essays, Proficiency-based Admission Standards System (PASS) performance information, and other indicators that predict success in college.
### Undergraduate Transfer Admission Requirements for 2005-06

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum College Credits Required*</td>
<td>30</td>
<td>36</td>
<td>36</td>
<td>30</td>
<td>36</td>
<td>36</td>
<td>24</td>
</tr>
<tr>
<td>GPA (Residents)</td>
<td>2.25</td>
<td>2.00</td>
<td>2.25</td>
<td>2.00</td>
<td>2.25</td>
<td>2.25</td>
<td>2.00</td>
</tr>
<tr>
<td>GPA (Nonresidents)</td>
<td>2.25</td>
<td>2.00</td>
<td>2.25</td>
<td>2.25</td>
<td>2.25</td>
<td>2.50</td>
<td>2.00</td>
</tr>
<tr>
<td>All Applicants Must Meet Specified Course Requirements**</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

* Below these minimums, applicants must meet freshman admission requirements.

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

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

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

1. **High School Graduation**

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

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

   Students who did not graduate from a standard or accredited high school must meet the minimum score and average subtest score on the test of the General Educational Development (GED) as listed below.

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

   * For tests taken before January 1, 2002, scores were reported in a two-digit format. To convert a pre-2002 score to the current three-digit format, add a zero. (For example, a 40 becomes 400.)

   ** OIT: Applicants with GED composite scores between 550 and 570 (55 and 57) and a minimum of 400 (40) on each subtest must have minimum SAT scores of 400 math and 800 composite or ACT scores of 17 math and 16 composite. For scores between 500 and 540 (50 and 54) and a minimum score of 400 (40) on each subtest must have minimum SAT scores of 500 math and 1000 composite or ACT scores of 21 math and 21 composite.

---

3 Students with any college credit note Transfer Admission, 1.

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

5 Accredited high schools are those that are reviewed and recognized by a regional entity, such as the Northwest Association of Schools and Colleges, as meeting an appropriate level of academic rigor and support.
Additionally, students who did not graduate from an accredited or standard school must meet SAT/ACT requirements and have an average score of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math level I or IIC, and a third test of the student’s choice).

**Minimum ACT/SAT I Requirements for Students Who Did Not Graduate From an Accredited or Standard School for 2005-06**

<table>
<thead>
<tr>
<th>Campus</th>
<th>ACT or SAT I</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>Portfolio Required</td>
</tr>
<tr>
<td>OIT</td>
<td>21 or 1070</td>
</tr>
<tr>
<td>OSU</td>
<td>23 or 1000</td>
</tr>
<tr>
<td>PSU</td>
<td>21 or 1010</td>
</tr>
<tr>
<td>SOU</td>
<td>21 or 1070</td>
</tr>
<tr>
<td>UO</td>
<td>23 or 1070</td>
</tr>
<tr>
<td>WOU</td>
<td>21 or 1000</td>
</tr>
</tbody>
</table>

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

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

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

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

3. **OUS Subject Requirements**

Applicants must satisfactorily (grade of C- or above) complete at least 14 units\(^6\) (one year equal to one unit) of college preparatory work in the following areas. Graduates of Oregon high schools may also use the Proficiency-based Admission Standards System (PASS) option to substitute for English, mathematics, science, and second language subject requirements.

**English (4 units).** Shall include the study of the English language, literature, speaking and listening, and writing, with emphasis on and frequent practice in writing expository prose during all four years. Students may also demonstrate proficiency to meet this requirement by being assessed using the PASS English standards.

---

\(^6\) UO requires students to complete 16 college preparatory units comprised of the 14 core units as required by all OUS campuses plus two additional units from any of the five subject areas.
Mathematics (3 units). Shall include first-year algebra and two additional years of college preparatory mathematics selected from geometry (deductive or descriptive); advanced topics in algebra, trigonometry, analytical geometry, finite mathematics, advanced applications, calculus, and probability and statistics, or courses that integrate topics from two or more of these areas. One unit is strongly recommended in the senior year. (Algebra and geometry taken prior to ninth grade will be accepted.)

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

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

Second Language (2 units). Shall include two years of the same high school-level second language, or a C- or above in the third year of a high school-level language, or two terms of a college-level second language with a grade of C- or above, or satisfactory performance on an approved assessment of second language proficiency. Demonstrated proficiency in American Sign Language meets the second language requirement. The second language requirement only applies to applicants graduating from high school in 1997 or later. Students failing to meet this requirement must complete it with a grade of C- or above or with two terms of the same college-level second language.

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

**Eastern Oregon University**

- High School Graduate or Portfolio Review
- Admission Test (ACT or SAT I)
- 3.0 high school GPA in courses that satisfy the OUS Subject Requirements
  - Alternative to GPA Requirement:
    - Review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.
- Subject Requirement: 14 units
  - Alternative to Subject Requirement:
    - Students who have below a 3.00 high school GPA in all subject requirement coursework may be selectively admitted based on a review of a submitted portfolio that includes an essay on educational goals, recommendations, grades, coursework, test scores, and any other evidence of academic and community achievement.
Oregon Institute of Technology
- High School Graduate
- Admission Test (ACT or SAT I)
- 3.0 high school GPA in courses that satisfy the OUS Subject Requirements
  ➢ Alternative to GPA Requirement:
    o High School GPA between 2.75 and 2.99: SAT I math 400 or above and SAT I math and verbal combined score of 800 or above or ACT math of at least 17 and composite of at least 16.
    o High School GPA between 2.5 and 2.74: SAT math of 500 or above and SAT math and verbal combined score of 1000 or above or ACT math of at least 21 and composite of at least 21.
- Subject Requirement: 14 units
  ➢ Alternative to Subject Requirement:
    o Score an average of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice).

Oregon State University
- High School Graduate
- Admission Test (ACT or SAT I)
- 3.0 high school GPA in courses that satisfy the OUS Subject Requirements
- Subject Requirement: 14 units
- Strength of Curriculum
  ➢ Alternative to GPA and Subject Requirement
    o Insight Resume
    o Personal letter requesting special permission
    o Three letters of recommendation

Portland State University
- High School Graduate
- Admission Test (ACT or SAT I)
- 3.0 high school GPA in courses that satisfy the OUS Subject Requirements
  ➢ Alternative to GPA Requirement:
    o 990 SAT or 20 ACT
- Subject Requirement: 14 units
  ➢ Alternative to Subject Requirement:
    o Score an average of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice).

Southern Oregon University
- High School Graduate
- Admission Test (ACT or SAT I)
- 2.75 high school GPA in courses that satisfy the OUS Subject Requirements
  ➢ Alternative to GPA Requirement:
o 1010 SAT or 21 ACT

• Subject Requirement: 14 units
  ➢ Alternative to Subject Requirement:
    o Score an average of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice).
    o If admitted by exception to the second language requirement, the admission deficiency must be made up through two terms of a college-level second language.

**University of Oregon**

• High School Graduate
• Admission Test (ACT or SAT I)
• 3.25 high school GPA in courses that satisfy the OUS Subject Requirements
  ➢ Alternative to GPA Requirement:
    o Rigor of courses taken in high school;
    o Grade trends throughout high school;
    o Quality of admission essay; and
    o SAT I or ACT scores and high school grades to suggest likelihood of success.
• Subject Requirement: 16 units
  ➢ Alternative to Subject Requirement:
    o Score an average of 470 or above (1410 total) on three College Board SAT II Subject Tests (Writing, Math Level I or IIC, and a third test of the student’s choice).

**Western Oregon University**

• High School Graduate
• Admission Test (ACT or SAT I)
• 2.75 high school GPA in courses that satisfy the OUS Subject Requirements
  ➢ Alternative to GPA Requirement:
    o 1000 SAT or 21 ACT
• Subject Requirement: 14 units

**Five Percent Special Admission**
Institutions are authorized to admit a quota of freshmen totaling no more than five percent of the institution’s first-time freshman class for the previous academic year as exceptions to the stated admission requirements. To qualify for five percent special admission, applicants are considered on a case-by-case basis. If admitted by exception to the second language requirement, the admission deficiency must be made up by completion of two terms of a college-level second language or by demonstration of proficiency in a second language.
Selective Admission
Institutions are authorized to manage enrollment to ensure the maintenance of academic quality. Thus, simply qualifying for admissions does not guarantee admission; institutions may use a number of other factors in making a final admissions decision.

Transfer Admission

1. All Transfer Applicants
   - Students who have earned fewer than 36 quarter credit hours of college-level work (Oregon Institute of Technology, Oregon State University, Southern Oregon University, University of Oregon); 30 (Eastern Oregon University, Portland State University); or 24 (Western Oregon University) must meet freshman admission requirements.
   - Students who meet the above minimum college credits to be reviewed using transfer admission criteria must meet GPA requirements in acceptable college work: 2.25 (Eastern Oregon University, Oregon State University, Southern Oregon University, University of Oregon) or 2.00 (Oregon Institute of Technology, Portland State University, Western Oregon University).
   - Transfer applicants under freshman admission or transfer requirements must have completed two terms of a college-level second language with an average grade of C- or above, or two years of the same high school-level second language with an average grade of C- or above, or satisfactory performance on an approved second language assessment of proficiency. Demonstrated proficiency on American Sign Language meets the second language requirement. The second language requirement applies to transfer applicants graduating from high school in 1997 or after.

2. Applicants Must Meet Institutional Requirements

Eastern Oregon University
   - A minimum GPA of 2.25 or above in 30 or more quarter credit hours of acceptable college-level work.

Oregon Institute of Technology
   - A minimum GPA of 2.00 or above in 36 or more quarter credit hours of acceptable college-level work.

Oregon State University and University of Oregon
   - A minimum GPA of 2.25 or above in 36 or more quarter credit hours of acceptable college-level work;
   - One writing course beginning with WR 121 with a grade of C- or above; and
• College algebra or above with a grade of C- or above, or the equivalent of Math 105.

**Portland State University**
• A minimum GPA of 2.00 or above in 30 or more quarter credit hours of acceptable college-level work.

**Southern Oregon University**
• A minimum GPA of 2.25 or above in 36 or more quarter credit hours of acceptable college-level work.\(^7\)

**Western Oregon University**
• A minimum GPA of 2.00 or above in 24 or more quarter credit hours of acceptable college-level work.

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

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

---

\(^7\) SOU limits the number of credits of physical education or team sports used to compute GPA to 12.
OHSU, M.S., Ph.D., Biomedical Engineering

Oregon Health and Science University proposes to offer an instructional program leading to the M.S. and Ph.D. degrees in Biomedical Engineering, effective immediately. No other university in Oregon offers a graduate-degree program in biomedical engineering.

This program will prepare students to apply engineering principles to medical problems, resulting in research design, development, execution, and evaluation of biomedical systems and products. Examples of modern biomedical solutions include pacemakers, prosthetic limbs, and dialysis machines.

The proposed program allows students to choose one of three tracks: biomedical optics, biomaterials, and neuroengineering. The curriculum includes courses from a well-established program in biomedical optics and biomaterials, which has been part of the Oregon Graduate Institute (OGI) Department of Electrical and Computer Engineering for many years. Many additional courses have been developed to accommodate students with interests in other research and clinical specialties that are already strong within OHSU (e.g., neuroscience).

To be admitted, a student must have an acceptable Graduate Record Exam (GRE) score; and an acceptable grade point average with a B.S. in physics, mathematics, or an engineering discipline. Highly qualified individuals with degrees in biology may be considered if they have demonstrated adequate quantitative skills.

Upon entry into the program, an interim faculty advisor will be assigned to each student. Near the end of one year of core coursework in life sciences, engineering, and mathematics, a Student Program Committee composed of four to five faculty members (including one from another department) will be formed for each student. This committee will work with the student to chart a course of study consistent with both the student’s interests and the need for broad knowledge in biomedical engineering and in the student’s chosen specialty.

The amount of coursework to be completed for any of the three degree options will depend on both the individual’s knowledge upon entry and the committee’s judgment of preparedness for a graduate degree. The master’s program requires a minimum of 61 credits: 28 credits of core courses, 21 credits of specialty courses, and 12 credits on an original research project. A written summary of the research project must be submitted and defended in an oral presentation. A typical course of study for the Ph.D. would require 91 credits: 28 credits of core courses, 27 credits of specialty courses, and 36 credits of thesis research. The Ph.D. qualifying exam will have both a written component and an oral presentation relating to the development of a formal research proposal. After successful completion of the exam, the committee will work with the student to develop a research schedule for the dissertation. The dissertation must...
The need for the program is evidenced by a number of factors. Those graduates of Oregon State University’s bioengineering baccalaureate program who wish to enter a graduate program in biomedical engineering must leave the state. By not offering a graduate program in biomedical engineering, the development of academic and industrial biotechnology in Oregon, as well as biomedical research, is inhibited. Some applications of modern technology to medical care and the development of devices and processes that might otherwise derive from existing biomedical and clinical research programs are also inhibited.

The occupational outlook is bright for graduates of the proposed program. In Oregon, ten-year occupational projections for biomedical engineers (2002-2012) indicate a 24 percent increase and, for the U.S., a 31 percent increase or 2,000 total job openings. According to a recent survey by the trade journal, The Scientist and Abbott, Langer and Associates, the median salary and cash compensation for bioengineering, bioinformatics, and clinical research areas range from $75,000 to $77,000.

Currently, 13 core faculty and 29 affiliate faculty are in place to offer the program. Funds have been committed to recruit seven additional core faculty, and remaining funds will be used to recruit an additional four to six core faculty members. All will be expected to have strong quantitative backgrounds with Ph.D. degrees in biomedical engineering or a closely related field. An academic coordinator has been hired who will distribute promotional materials, correspond with prospective applicants, track students’ progress, etc. All other support personnel are in place.

Current reference materials, facilities, equipment, and technology are in place or under construction to support the program. The new Department of Biomedical Engineering currently resides in the Bronson Creek and Vollum buildings on the OGI campus. Additional remodeling of the Vollum building and construction of the Willamette River campus will expand the facilities available to the program.

A $4 million grant from the Murdock Charitable Trust and approximately $3.5 million from the Oregon Opportunity Award have provided support to launch this program. Over the long term, funds to sustain the department are expected to come from tuition, fees, research grants, charitable fundraising, and from license and royalty income.

An external review of the program was conducted by Ernest Stokely, associate dean emeritus, Department of Biomedical Engineering, University of Alabama-Birmingham; Lawrence Schramm, professor, Departments of Biomedical Engineering and Neuroscience, The Johns Hopkins University; and James Sweeney, associate professor and associate chair, Harrington Department of Bioengineering, Arizona State University. The team’s report expressed strong support for the program. They indicated that the relationship of OHSU’s program to OSU’s undergraduate program in bioengineering will likely grow.
“The undergraduate program at OSU in bioengineering . . . will be a feeder program for the proposed graduate program . . . [C]urrent plans for the proposed program include a component to attract Oregon State University bioengineering undergraduate students to OHSU for summer internships. This experience will enhance the recruitment of some of the best of these students into the graduate program at OGI/OHSU.” (p. 1) In addition, collaboration among the faculty of the two institutions will develop, as appropriate.

The external review team agrees with OHSU’s assessment that the program will make Oregon more attractive to the biotechnology industry. The team was very impressed with the commitment of OHSU faculty and leadership to the program and with the “professionalism and energy” of the students. Two minor concerns regarding program administration and funding stability are being addressed by OHSU.

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

**Staff Recommendation to the Board**
Staff recommends that the Board authorize Oregon Health and Science State University to establish a program leading to the M.S. or Ph.D. in Biomedical Engineering. The program would be effective immediately, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2009-10 academic year.

*(Board action required.)*
OSU, graduate certificate, *Sustainable Natural Resources*

Oregon State University proposes to offer an instructional program leading to the graduate certificate in Sustainable Natural Resources, effective summer term 2004. The proposed interdisciplinary program will be housed in the College of Forestry and will also involve faculty from the Colleges of Liberal Arts and Agricultural Sciences. No other university in the country offers this program.

The proposed program focuses on the development of integrated case studies. Students will complete 18 credits in:

- ecology and management (e.g., ecological principles of sustainable natural resources, reduced impact timber harvest, sustainable silviculture, sustainable management of aquatic and riparian resources),
- human dimensions (e.g., economics of sustainable natural resource management, basic beliefs and ethics in natural resources), and
- integration (sustainable natural resource development, independent project in natural resource sustainability).

The program will be offered as an intensive, 14-week session during alternate summer sessions. Students will work closely with a faculty mentor and group of fellow students. To be admitted, students must have earned a baccalaureate degree in the area of natural and life sciences, natural resource management, forestry, environmental studies, or social sciences; and have worked professionally for at least two years in natural resource management or policy, or environmental science or policy. Each applicant will use his/her experience to develop a case study project, the completion of which is a certificate requirement. Because this is an intensive, residential program with several planned field trips, enrollment will be limited to 25 students per session.

Need for this certificate program can be documented in a number of ways. The Oregon Sustainability Act, which was ratified in 2002, directs all state agencies to increase their sustainability practices. U.S. and international contacts have attested to the need for this program, as well as the results of a needs survey. Increasingly, sustainable practices are certified through third-party organizations, which operationalize indicators of sustainability and then help organizations find ways to assess progress toward those goals. There is a need in both certification organizations and natural resource agencies/companies for individuals who understand the complexity of natural resource systems and can assess impacts of current and planned practices.

No new faculty will be required to offer this program and less than 1.0 FTE of support staff will be needed in the first year. The library has suggested minimal acquisitions and OSU has agreed to support those. All other equipment and facilities are in place. The program will be run on a self-support basis; however, the program coordinator will contact potential funding agencies and foundations for support of scholarships and field-trip expenses.
All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

**Staff Recommendation to the Board**

Staff recommends that the Board authorize Oregon State University to establish a program leading to the graduate certificate in Sustainable Natural Resources. The program would be effective summer 2004, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2009-10 academic year.

*(Board action required.)*
Resolution—refunding bond sale

Staff Report to the Board
The State Board of Higher Education has an opportunity to achieve significant debt savings by refunding certain outstanding series of bonds. This will require the issuance of refunding bonds. Authorization for the sale is granted by Oregon Revised Statutes 286.051 and 288.605 through 288.695, inclusive.

OUS' present value savings net of selling expenses are projected to be approximately $1.8 million. Maturity lengths will remain unchanged or be shortened. Under no circumstances will maturities be extended.

The sale date has been tentatively set for March 2004. However, Board action to approve the following bond resolution is required before the State Treasurer can arrange for, and proceed with, the sale.

RESOLUTION FOR THE SALE OF REFUNDING BONDS

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

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

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

WHEREAS, ORS 286.051 authorizes the issuance of refunding bonds and ORS 288.605 et. seq. authorizes the issuance of advance refunding bonds by the State Treasurer upon finding that certain requirements and conditions have been met; and

WHEREAS, it appears advantageous to this Board to sell refunding bonds to refund certain outstanding bonds thereby benefiting the state;

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

Section 1. Issue. The State of Oregon is authorized to issue general obligation bonds (the "Bonds") in such series and principal amounts as the State Treasurer, after consultation with the Senior Vice Chancellor for Finance and Administration of the Department of Higher Education, shall determine are required to refund all or any portion of its General Obligation Building Bonds, 1993 Series A; 1995 Series B; 1997 Series A; Series 1999 A and B; 2001 Series A; and any other series of bonds that meet the requirements established by law and approved by the State Treasurer.
Section 2. Maintenance of Tax-Exempt Status. The Board covenants for the benefit of the owners of the Bonds to comply with all provisions of the Internal Revenue Code of 1986, as amended (the "Code"), that are required for Bond interest to be excluded from gross income for federal income taxation purposes (except for taxes on corporations), unless the Board obtains an opinion of nationally recognized bond counsel that such compliance is not required in order for the interest to be paid on the Bonds to be so excluded. The Board makes the following specific covenants with respect to the Code:

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

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

Section 3. Sale of Bonds. The State Treasurer, with the concurrence of the Senior Vice Chancellor for Finance and Administration, shall sell the Bonds as the State Treasurer deems advantageous.

Section 4. Other Action. The State Treasurer, the Senior Vice Chancellor for Finance and Administration, or the Controller of the Department of Higher Education is hereby authorized, on behalf of the Board, to take any action that may be required to issue, sell, and deliver the Bonds in accordance with this resolution.

Staff recommends the Board adopt the above bond resolution authorizing the issuance of refunding bonds.
Naming of Southern Oregon University Library
The Lenn and Dixie Hannon Library

Executive Summary

Purpose:
Southern Oregon University requests an exception to OAR 580-50-0025 pertaining to the naming of buildings for a living person. This exception is requested to permit the University to name the university library “The Lenn and Dixie Hannon Library.” The OAR provides that an exception may be made for “unusually meritorious reasons.”

Staff Report to the Committee:
During his nearly 30-year tenure as Oregon State Senator, Lenn Hannon, with the able assistance of Dixie Hannon, made profound contributions to the betterment of Oregon, its public services, its economy, and the lives of scores of its citizens. The span of Senator Hannon’s service on the Senate matches that of Senator W. H. “Bill” Strayer in that both gentlemen were elected eight times in their respective districts. Senator Strayer served out his last term for a total of 32 years of service, whereas Senator Hannon served for 30 years. The nearly unprecedented length of service, the scope and importance of Senator Hannon’s contributions, and his well-earned reputation as a public servant of high integrity and character place him in the top ranks of Oregon public policy leaders across the state’s history. All who know well his accomplishments and work understand that he depended heavily on the professional assistance and personal support of Dixie Hannon. She served most ably as his chief legislative assistant and deserves the honor along with her husband. Some of the many contributions are outlined below.

Public Schools and Post-secondary Education:
Senator Hannon is widely recognized for his stalwart support of public schooling and post secondary education via community colleges and public universities. Among his special endeavors was his role in helping the Oregon University System craft a feature to the Resource Allocation Model that accounted for economies of scale when allocating state appropriations to the OUS universities. In addition, he made sure that the four smaller institutions had the same opportunity as the larger universities to automate their libraries. He was instrumental in obtaining both the initial one-time funding for the hardware and software and the necessary ongoing funds to operate those systems. In this he laid the foundation for the Orbis Cascade Alliance, which began in 1993 and is a model of library cooperation to maximize scarce resources and enhance access to knowledge and information.

Southern Oregon University and Programs:
Senator Hannon recognized the changing mission and capability of Southern Oregon State College and led the legislative action to rename the college Southern Oregon University in 1997. When the Engineering and Technology Industry Fund was created to advance engineering and computer science education, research, and innovation
capacity in Oregon, Senator Hannon secured an allocation of $500,000 for SOU to recognize Southern’s growth in computer science education and potential for significant contributions to technology and innovation in specific areas. SOU joined the Engineering and Technology Industry Council conversation and earned respect in computer and information technology education. Moreover, Southern is collaborating with the University of Oregon in Materials Science research and is developing its special niche in cyber-security education and research.

Senator Hannon had much to do with “behind the scenes” advancements as well. For example, he was the motivation behind a quarterly meeting of law enforcement personnel and school district officials from Ashland and the Rogue Valley. It serves as an “Alliance of Community Agencies” to share information and expertise for coordinated support of safety and security for students and the communities where they study.

**SOU Facilities:**
To support economic development for Southern Oregon, Senator Hannon rallied support for public financing to build and equip the computing services center at Southern Oregon University. It became a “state of the art” computing space to house student computer laboratories, computing services offices, mainframe and support space, and the academic Department of Computer Science. He supported construction of the Old Mill Village to house SOU students with families and additions to McNeal Hall for athletics and physical education programs. He was instrumental in acquiring state matching funds ($5.6 million) for the construction of the Center for the Visual Arts, leading to $5.6 million in private funding through a successful local campaign.

The current Library and Learning Center project is a signature contribution from Senator Lenn Hannon for education and economic development in Southern Oregon and the advancement of the region’s role in securing the vitality of Oregon as a whole. This $23.5 million project is testament to Senator Hannon’s support for Southern Oregon University’s instrumental role in the development of the region and state. The result will be a facility that increases academic resources for the only research library between Eugene, Oregon, and Chico, California. It will render SOU’s capacities more accessible to Oregon’s businesses, educational institutions, and other agencies, as well as to scholars around the world. It will be a state-of-the-art learning and teaching center for faculty and students, and will be a place of inquiry and conversation for citizens of the region and inquirers from throughout Oregon and beyond. Senator Hannon understood this potential and made sure that the physical and technological capabilities to realize this dream would be in place for at least a century, with the capacity to adapt to changes on the horizon. Moreover, he wanted this project to stimulate the local economy and provide jobs. Seventy percent of the construction dollars are spent locally, with 30 percent coming from suppliers in other areas, mostly Oregon. Nearly all of the workers are residents of the Rogue Valley.

**Region and State:**
Senator Hannon has secured millions of dollars for improvements for Southern Oregon roads, as well as funds for numerous construction projects throughout the Rogue
Valley, including the Medford Armory and the Oregon Shakespeare Festival. He has worked hard to craft the Oregon Health Plan, to have health insurance carriers treat mental health illness the same as any other type of illness, and to support stable funding for the work of state police and firefighters. These illustrations don’t come close to chronicling the vast contributions he has made to his region and state.

In recognition of the unusually meritorious contributions made by Senator Lenn Hannon with the assistance of Dixie Hannon, this honor is requested by Southern Oregon University through an exception to the Oregon Administrative Rule precluding the naming of facilities for persons who are living.

The University’s administration consulted with appropriate groups on campus and secured the unanimous endorsement of the University Planning Committee, which includes in its charge, the review of facility naming actions. The Faculty Senate Advisory Council, the Faculty Emeritus Council, and the student body president have indicated their support as well.

*Staff Recommendation to the Board*
Staff recommends that SOU’s library be named “The Lenn and Dixie Hannon Library” in honor of Lenn and Dixie Hannon, strong supporters of the University.

(Board action required.)
OSU and PSU—authorization to award honorary degrees

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

Oregon State University requests authorization to award honorary doctorates to Ursula K. Le Guin and Sanjaya Rajaram, assuming they are able to attend OSU’s June 2004 Commencement ceremony. Portland State University requests authorization to award honorary doctorates to Harold Schnitzer, Arlene Schnitzer, Congressman John Lewis, and W.T. “Bill” Lemman at PSU’s 2004 spring Commencement ceremony.

Oregon State University
Ursula K. Le Guin, a Portland resident since 1958, is among the greatest living American fiction writers. Le Guin is noted for her science fiction, fantasy, and realistic fiction; yet her work goes much deeper. Her works have been hailed for their ecological consciousness, concern for social justice, commitment to rights, and portrayal of different cultures. She has published 5 books of poetry, 2 collections of essays, 17 novels, and more than 100 short stories. She has written books for children and young adults, screenplays, essays, verbal texts for musicians, voice texts for performance and recording, and two volumes of translation. Her stories, novels, poems, and essays have an international following, and her works are discussed in literature, philosophy, sociology, anthropology, and political science courses at OSU and on campuses throughout the United States.

Le Guin’s first major work of science fiction was The Left Hand of Darkness, a morally complex exploration of gender roles that gained attention for the level of literary sophistication it brought to the genre. Her novels of utopian fiction – The Dispossessed and Always Coming Home – enlarged her reputation through their anthropological depth and daring creativity. Her realistic stories of a small Oregon beach town in Searoad illuminated the grief of ordinary people. The first four Books of Earthsea, her most widely read fantasy works, have sold millions of copies in the U.S. and U.K. and have been translated into 16 languages.

Three of Le Guin’s books have been finalists for the American Book Award and the Pulitzer Prize. She has received the PEN/Malamud Award, the National Book Award, five Hugo Awards, five Nebula Awards, the Kafka Award, the Pushcart Prize, and numerous other honors. Le Guin has taught writing workshops from Oregon to Australia and is actively involved in the literary community of Portland.

Sanjaya Rajaram, retired director of the Wheat Research Division of the International Center for Maize and Wheat Research, has contributed to the release of more than 450
varieties of wheat in 51 countries. After he took over the center’s wheat-breeding program, world production increased by more than 200 million tons during the next quarter century, and center-produced varieties generated approximately $13 billion in the U.S. alone.

Developing countries have benefited the most from Rajaram’s work. He helped create a global network facilitating the free exchange of invaluable genetic resources among thousands of wheat researchers worldwide, and he has broken ideological and parochial barriers that might have separated the work of individual scientists. Rajaram, in collaboration with OSU wheat breeders, developed the International Winter-Spring Wheat Improvement Program that had a worldwide impact on food production through expanding the genetic biodiversity of wheat.

Throughout his distinguished career, Rajaram has shared his vast knowledge of wheat breeding through more than 300 journal articles, book chapters, and conference proceedings, and more than 500 invited lectures or symposia presentations. He has mentored over 700 young scientists from dozens of developing countries. Rajaram has received numerous awards, including the Monsanto Crop Science Distinguished Career Award, the Padma Shri Award from India, the Crawford Fund Derek Tribe Award from Australia, the Rank Prize Award for Nutrition from the U.K., and the Friendship Award from China.

Portland State University
Harold Schnitzer and Arlene Schnitzer have served the University, city, and region, individually and jointly, for many years. The extraordinary public service and generous philanthropy of Harold Schnitzer and Arlene Schnitzer have benefited the cultural arts, health and human service agencies, and religious and educational institutions. Their memberships on boards, councils, and committees that support people and communities are numerous, and their contributions immeasurable.

In 2002, Arlene Schnitzer established the James DePreist Visiting Professorship in Ethnic Art at PSU with a leadership gift from the Harold Schnitzer and Arlene Schnitzer CARE Foundation. Her unwavering commitment to the success of the project has led to her friends and colleagues lending their financial support to the program, as well. Arlene Schnitzer has served on many public service boards and committees, and she continues to serve on the board of the Boys and Girls Clubs of Portland; McCallum Theatre in Palm Desert, California; Northwest Academy; and Oregon Health & Science University Foundation. She has produced numerous public affairs programs, including the award-winning Town Hall. Arlene Schnitzer has also served on the Oregon State Board of Higher Education and the Oregon State Government Ethics Commission.

Harold Schnitzer and his son, Jordan, supported the creation of Oregon’s first Judaic Studies programs at the University of Oregon and Portland State University. Harold Schnitzer currently serves on the board of the Portland Art Museum, is a life trustee of Lewis & Clark College, and is founder and co-sponsor of Night Scape, a recreational
and educational program for at-risk teens in two Boys and Girls Clubs locations in Portland.

Congressman John Lewis, the son of sharecroppers, has spent over 40 years as a leader in progressive social movements and the human rights struggles in the U.S. As a student, he organized sit-in demonstrations at segregated lunch counters in Tennessee and participated in the Freedom Rides. During the height of the Civil Rights Movement, Lewis was chairman of the Student Nonviolent Coordinating Committee, which he helped form. By 1963, Lewis was recognized as one of the “Big Six” leaders of the Civil Rights Movements, along with the likes of Martin Luther King, Jr. In 1965, he helped lead over 600 marchers in Selma, Alabama, in what would become known as “Bloody Sunday” and would eventually lead to the Voting Rights Act of 1965.

Lewis’s next steps moved him into the larger political arena. Appointed by President Jimmy Carter, he directed over 250,000 volunteers of ACTION (the federal volunteer agency) and later served in various elected positions. He currently serves in Congress, where he has provided leadership in a number of capacities since 1986. In the 108th Congress, Lewis is a member of the House Budget Committee and House Ways and Means Committee, where he serves on the Subcommittee on Health. As Senior Chief Deputy Democratic Whip, he sits in a direct line of succession to the number two Democratic leadership position in the House.

W.T. “Bill” Lemman has spent his life in the service of public higher education and has a deep personal connection to Portland State University. One of the first students of PSU’s predecessor institution, the Vanport Extension Center, he later worked in the Center’s business office, as PSU’s director of business affairs, and finally as vice president for business and finance for 14 years.

Lemman had the vision to bring the first student housing to Portland State, developing a long-range plan that included the buildings lined up in the Park Blocks. He saw the need to grow beyond the early plans of maintaining a “non-campus” institution and proposed innovative ways to ensure the campus could meet the needs of a diverse student population. Through urban renewal, he helped create opportunities for the campus to develop land, buildings, and relationships that would serve it well for years to come.

Lemman’s contributions to public higher education extend beyond Portland. He served as vice chancellor for the areas of administrative and finance from 1974 until 1989 when he served as interim chancellor for a year. Prior to retirement (from 1990-91), Lemman served as interim president for Oregon Institute of Technology. Overall, his 40-year career in public higher education greatly improved both Portland State University, in particular, and higher education as a whole in the state.

Staff Recommendation to the Board
Staff recommend the Board authorize Oregon State University to award honorary doctorates to Ursula K. Le Guin and Sanjaya Rajaram, and authorize Portland State University to award honorary doctorates to Arlene Schnitzer, Harold Schnitzer,
Congressman John Lewis, and W.T. “Bill” Lemman at the 2004 spring Commencement ceremonies.

(Board action required.)
Distance Learning

2004 e-Learning Distance Education Summit
January 26, 2004
Portland, Oregon

Purpose
The 2004 e-Learning Distance Education Summit, held January 26 at the Oregon Museum of Science and Industry (OMSI) in Portland, brought together education and government leaders and over 175 e-learning practitioners from K-12, community colleges, and four-year colleges and universities. The goal of the summit was to begin a statewide collaborative effort in support of distance education, especially online education and videoconferencing. The summit was hosted by the Oregon Department of Education with planning assistance in the months preceding the conference from a statewide focus group including representatives from K-12, community colleges, universities, and business and industry. OMSI provided meeting space and services for the all-day invitational summit with additional support provided by Intel, Microsoft, Oregon Public Broadcasting (OPB), and Qwest.

Display tables outside the meeting rooms provided information about e-learning providers and services including online schools and programs from all sectors, the Oregon Network for Education (ONE), OPB, Wildlife Safari, and others. Summit proceedings were distributed to a statewide audience via a live videostream and to seven videoconferencing sites located throughout the state.

Session Content “Where Do We Go From Here?”
Superintendent Susan Castillo initiated a call to bring together the resources of the education sectors to meet the increasing demand for e-learning. Two morning panels focused on videoconferencing and online learning, providing a review of current e-learning enrollments, programs, courses, and infrastructure. Attendees visited with a high school Spanish class being taught by videoconferencing to multiple locations in southern Oregon.

A student panel provided an honest and engaging assessment of what it means to learn online. Students discussed the importance of having access to previously unavailable courses and some of the positive and negative aspects of independent learning. The growing number of K-12 students participating in e-learning has implications for postsecondary education since they will expect options for e-learning when they move on to colleges and universities.

A panel of state education, business, and government leaders set the tone for the afternoon workgroups by discussing the question, “Where do we go from here?” The panel was moderated by Senator Ted Ferrioli and included Maynard Orme, OPB; Nancy Stueber, OMSI; Judy Peppler, Qwest; Connie Green, Oregon Department of
Panelists highlighted several key points.

- e-Learning is central to each organization’s mission because it enhances access to quality education and training opportunities. e-Learning not only bridges distance but also overcomes time restraints by providing flexible learning opportunities for both on- and off-campus students.
- Statewide access to educational opportunities is critical to economic and workforce development in the state.
- As more students arrive in our schools and colleges capable and prepared to use new technologies, teachers and faculty must be provided the resources and time to integrate technology into teaching and learning.
- e-Learning requires a robust, integrated (voice, video, data) network throughout the state and down to last-mile connections to homes, schools, and businesses.
- Collaboration across education sectors and with industry and non-profit organizations is key to moving forward. Collaborative areas include content development, faculty/teacher training, infrastructure, and improved articulation within content areas and across sectors.

**Workgroup Outcomes**

The summit planning group identified six issues thought to impact implementation of a statewide e-learning system: leadership and governance, funding and strategies for leveraging resources among partnerships, technology and infrastructure, marketing and information sharing, course development, and special needs and access.

In the afternoon, participants broke into groups to discuss issues and begin the process of identifying solutions to perceived roadblocks. Full reports concerning observations and challenges will be posted at the summit website in the next few weeks at http://www.ode.state.or.us/elearning/2004 summit.aspx. Four highlights were:

1. The state lacks a unifying vision that highlights the importance of e-learning and provides major e-learning goals around which educators and institutions can organize their efforts.
2. Campuses and schools must look for ways to “mainstream” e-learning. First-generation distance learning aimed at off-campus students is giving way to e-learning that provides flexible opportunities for all students.
3. There is a need to share information. Inventorying what we have in place and providing a central e-learning resource is critical to marketing, enhancing professional development, and avoiding duplication.
4. Collaboration is important to moving forward. Building on the comments from the leadership panel, all six workgroups highlighted the need to improve articulation among community colleges, universities, and K-12; address funding models that impede curriculum sharing; expand integrated networks;
and present a unified voice to the legislature on issues of e-learning and educational technology.

Next Steps
Conference planners asked that the six workgroups continue meeting over the next three to four months to refine recommendations for improving collaboration and moving towards an integrated, statewide e-learning approach. Recommendations will be compiled into a single document to be presented to the sector heads (Superintendent, Chancellor, and Commissioner), who in turn would share information, as appropriate, with their staffs and Boards.

Summary
The report titled 2003 Annual Financial Report (see supplemental materials) was prepared by the Chancellor’s Office and the financial statements included within were audited by Moss-Adams, LLP, under contract to the Secretary of State, Audits Division. The audit opinion issued by Moss-Adams, LLP, is an unqualified opinion, which means that their opinion as to the fair presentation of the financial statements was issued without qualification.

The 2003 Annual Financial Report is the second year implementation of Governmental Accounting Standards Board statement number 35 (GASB 35). These new accounting principles provide for greater comparability between the financial statements of public and private higher education institutions and are more similar to financial statements of private industry.

In addition to the significant format change in the financial statements, the implementation of GASB 35 has also resulted in the depreciation of fixed assets, a statement of cash flows, and a “Management’s Discussion and Analysis” section that is intended to provide an objective and easily readable analysis of OUS’ financial activities.

For fiscal year 2004, OUS will be required to implement GASB statement number 39. GASB 39 requires that the OUS financial statements also include the financial activity of the university foundations.

As stated above, Moss-Adams, LLP, has audited the financial statements of OUS and, in conjunction with that audit, has issued a letter to OUS Management (see supplemental materials) communicating observations and recommendations relating to OUS internal controls and compliance with federal grants and contracts. OUS management has issued a letter in response to these observations and recommendations (see supplemental materials) that includes general agreement with the observations and planned actions in response. None of the observations made by Moss-Adams, LLP, represent significant deficiencies in the design or operation of internal control. As part of the financial statement audit, Moss-Adams, LLP, is required to communicate certain matters related to the conduct of the audit to those who have responsibility for oversight of the financial reporting process.

Staff Recommendation to the Board
Subject to the report of Moss-Adams, LLP, staff recommends that the Board accept the 2003 Annual Financial Report.

(Board action required.)
October 15, 2003

Oregon State Board of Higher Education
Oregon University System
Eugene, Oregon

Dear Members of the Board of Higher Education:

In planning and performing our audit of the financial statements of the Oregon University System (the System) for the year ended June 30, 2003, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. Our consideration of the internal control was for the limited purpose described above and would not necessarily disclose all matters that might be reportable conditions. In addition, because of inherent limitations in internal control, errors or fraud may occur and not be detected by such controls.

Reportable conditions are defined under standards established by the American Institute of Certified Public Accountants as matters coming to our attention that represent significant deficiencies in the design or operation of internal control which, in our judgment, could adversely affect the System’s ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatement caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control and its operation that we consider to be material weaknesses as defined above.

During the course of the audit, we observed certain accounting and administrative matters which we would like to bring to your attention. These observations are presented below. They are communicated to you for your information and, hopefully, your action. The following are suggestions for increased effectiveness of operations and financial reporting:
System Wide:

**Fixed Asset Reconciliation (carryover comment)**

*Observation:* During our audit we did not observe complete and fully reconciled personal property fixed asset schedules at each university. Such reconciled and complete schedules foster accurate reporting under GASB 35. OUS experienced difficulties in reconciling the Banner general ledger balances to the underlying fixed asset records.

The formal schedule of fixed assets should consist of beginning balance, current year additions, current year disposals, reconciling items, and conclude with an ending balance. This schedule should be created from information contained in the underlying fixed asset records which should reconcile to the Banner general ledger.

*Recommendation:* We recommend each university prepare a year-end schedule of fixed asset balances that agrees the detailed fixed asset records to the Banner general ledger. If centralized fixed asset reporting continues, we recommend additional cross-training in this area at the OUS Controller’s Office level.

**Fixed Asset Depreciation Calculation**

*Observation:* Depreciation was noted to be calculating incorrectly at several universities for all assets tested that contained attachments to the original asset. The original asset was being depreciated appropriately, however the attachment was not being depreciated. An attachment is any amount capitalized that directly relates to an asset already logged into the fixed asset module in Banner FIS. This attachment is then included in the total cost of the original asset. We noted that Banner FIS allows attachments to be depreciated and the issue can be remedied through training of individuals who enter fixed asset information into Banner.

*Recommendation:* We suggest procedures be developed and implemented to ensure depreciation is properly recorded and appropriate training is made available to those individuals who perform work in the fixed assets module of Banner FIS.

**Fixed Asset Training**

*Observation:* During our audit, we noted the accounting records of real property was transitioning from the Controller’s office to the individual universities. It is imperative that during this transition process, appropriate training is provided to those individuals who will be working in the fixed asset module of Banner.

*Recommendation:* We suggest a training program be developed and implemented to ensure an appropriate level of knowledge and understanding of the fixed asset module of Banner.
University of Oregon:

Subcontract Audit Monitoring

Observation: University of Oregon has a policy that requires grant subrecipients to provide the University with copies of their audit reports during the first and last year of a grant subcontract. However, we observed that the University of Oregon does not require grant subrecipients to provide the University with the results of their federal funds audits between the first and last year of the subcontract. OMB Circular A-133 requires that pass through entities (UO) determine on a yearly basis if subrecipients audit results cause adjustments to their own records.

Recommendation: We recommend that the University implement policies and procedures to ensure that complete subrecipient monitoring is performed on a yearly basis. Monitoring should be performed to ensure that subrecipients expending $300,000 ($500,000 for 2004) or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements for that fiscal year. Procedures could include developing a standard contract to require notification of audit findings on all subcontracts.

Portland State University:

Subcontract Audit Monitoring

Observation: During our audit, we noted Portland State University has a formal policy requiring grant subrecipients expending pass through funds of $300,000 or more in federal funds, to provide the University with copies of their audit reports on a yearly basis during the grant period. However, the University does not require grant subrecipients expending pass through federal funds less than $300,000 to provide copies of their audit reports during the grant period.

Recommendation: We recommend that the University extend their procedures used to monitor subrecipients who expend $300,000 ($500,000 for 2004) or more in pass through federal funds to all subrecipients. Monitoring should be performed to ensure that all subrecipients expending $300,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements for that fiscal year.

Southern Oregon University:

Recording Accounts Payable

Observation: Certain accounts payable related to construction projects were not recorded at June 30, 2003. These liabilities were identified and recorded as a result of audit procedures. Having controls in place to capture and record all liabilities of the University is necessary to ensure accurate financial reporting.

Recommendation: We suggest procedures be developed and implemented to ensure accounts payable amounts are properly recorded.
*****

This report is intended solely for the use of the Oregon State Board of Higher Education, Secretary of State Audits Division, management and others within the System and is not intended and should not be used by anyone other than these specified parties.

Thank you for the opportunity to continue to be of service to you and the Oregon University System.

Very truly yours,

MOSS ADAMS LLP
October 15, 2003

Oregon State Board of Higher Education
Eugene, Oregon

Oregon Secretary of State Audits Division
Salem, Oregon

We have completed our audit of Oregon University System ("System") for the years ended June 30, 2003 and June 30, 2002, and have issued our reports thereon dated October 15, 2003. Auditing standards generally accepted in the United States of America require that we communicate certain matters to an Audit Committee or an equivalent body such as the Budget and Finance Committee (the Committee), which has oversight responsibility for the financial reporting process. Matters required to be communicated are specified by the following subjects:

- Auditor’s responsibility under US generally accepted auditing standards and OMB Circular A-133
- Significant accounting policies
- Accounting estimates
- Audit adjustments
- Disagreements with management
- Consultation with other independent accountants
- Difficulties encountered in performing the audit.

* * * *

AUDITOR’S RESPONSIBILITY UNDER US GENERALLY ACCEPTED AUDITING STANDARDS AND OMB CIRCULAR A-133

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered the System’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.
As part of obtaining reasonable assurance about whether the System’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the System’s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement applicable to its Research & Development Cluster program, TRIO program, and HEAD Start program for the purpose of expressing an opinion on Oregon University System’s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the System’s compliance with those requirements.

SIGNIFICANT ACCOUNTING POLICIES

Management has the responsibility for selection and use of appropriate accounting policies. We will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the System are described in Note 1 to the financial statements. As described in Note 1, the System adopted the provisions of Governmental Accounting Standards Board Statement No. 35, Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities; Statement No. 37, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments: Omnibus; and Statement No. 38, Certain Financial Statements and Note Disclosures, as of July 1, 2001. This resulted in a change in the format and content of the basic financial statements.

During 2003, the System changed its method of applying the “single asset” method of accounting for depreciation of fixed assets. The previous method adopted in 2002 during implementation of GASB No. 35, used only one record for each building (inclusive of additions and improvements) and resulted in additions and improvements being depreciated on the useful life of the original building. The method adopted in 2003 uses multiple records (i.e., separate accounts for each building and each major addition and improvement) each with a separate useful life. The change was made to better reflect the composite useful life of the assets for purposes of computing depreciation.

The application of other existing policies was not changed during the year. We noted no transactions entered into by the System during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the financial statements prepared by management and are based upon management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant estimates affecting the financial statements were:

- Liability for Compensated Absences
- Allowance for Doubtful Accounts and Notes Receivable
- Useful Lives of Capital Assets
MOSS ADAMS LLP

Management’s estimate of the liability for compensated absences is based upon employee total benefit packages that approximate actual amounts. Management’s estimates of the allowances for doubtful accounts and notes receivable are based upon historical experience, and an analysis of the collectibility of individual accounts. Depreciation charges are derived from estimates of the useful lives of categories of capital assets. We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

AUDIT ADJUSTMENTS

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the System’s financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the System, either individually or in the aggregate, indicate matters that could have a significant effect on the System’s financial reporting process. In addition, the attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Moss Adams concurs with management’s conclusion.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor’s report. During the course of audit, we had no disagreements with management.

CONSULTATION WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the System’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, auditing professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

* * * * *

This information is intended solely for the use of the Oregon Secretary of State Audits Division, Oregon State Board of Higher Education, management, and others within the System and is not intended to be and should not be used by anyone other than these specified parties. Thank you for the opportunity to be of service to you and the Oregon University System.

Very truly yours,

MOSS ADAMS LLP
CERTIFIED PUBLIC ACCOUNTANTS
<table>
<thead>
<tr>
<th>Description (Nature) of Audit Difference</th>
<th>Current Year Differences</th>
<th>Reversal of Prior Year</th>
<th>Total Current Year &amp; Prior Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Summer term deferred revenue</td>
<td>$2,491,966 ($2,000,000)</td>
<td>-</td>
<td>$2,491,966 ($2,000,000)</td>
</tr>
<tr>
<td>2 Undeclared unamortized bond discount</td>
<td>$1,200,000 ($1,400,000)</td>
<td>-</td>
<td>$1,200,000 ($1,400,000)</td>
</tr>
<tr>
<td>3 PERS Liability</td>
<td>$561,791</td>
<td>-</td>
<td>$561,791</td>
</tr>
<tr>
<td>4 Deferred bond refunding</td>
<td>$83,455</td>
<td>-</td>
<td>$83,455</td>
</tr>
<tr>
<td>5 Compensated absences</td>
<td></td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>
Moss Adams LLP
975 Oak Street, Suite 500
Eugene OR 97401

Subject: Management Letter Resulting from FY 2003 Financial Statement and OMB Circular A-133 Audit

Thank you for the observations and recommendations in the management letter which resulted from the FY 2003 financial statements and OMB Circular A-133 audit. We recognize the observations and recommendations are all part of the ongoing effort to continually improve the accounting and financial reporting of the Oregon University System and to ensure that our administration of Federal grants and contracts is in compliance with applicable OMB Circulars.

The following responses relate to the observations and recommendations noted in the management letter.

System-Wide Observations and Recommendations

Chancellor’s Office – Controller’s Division

Fixed Asset Reconciliation (carryover comment)
We concur with the observation and recommendations. Last year we developed a mechanism for preparing the GASB #35-required Capital Asset schedule in the notes to the financial statements. We also found that some of the university year-end reports of the fixed assets detail did not agree to the Banner general ledger. We will reiterate this requirement as part of the year-end closing of the books procedures. The fixed assets to Banner FIS reconciliations will be reviewed at year-end before preparing the financial statements for the year ended June 30, 2004.

Fixed Asset Depreciation Calculation
We concur that in some situations universities failed to complete the electronic fixed assets depreciation form on purchases of attachments to existing fixed assets. To correct this, follow-up training has occurred, and we have provided university business offices with an electronic job submission report which can be run to identify all fixed asset records which are not being depreciated. In addition, we will use the FY 2004 closing of the books instructions to ask universities to confirm the depreciation of all records before running the year-end depreciation reports.
Moss Adams LLP
Management Letter Response to FY 2003 Financial Statements and OMB Circular A-133 Audit
February 3, 2004
Page 2 of 3

Fixed Asset Training
We concur with the observation and recommendation. We have made a significant investment in time to document OUS fixed asset accounting policies. In addition, we have had and will continue to have ongoing meetings with university business offices and Banner fixed asset accountants regarding the conversion of the real property records to the university Banner FIS fixed asset modules.

Each university provides training in the use of the Banner software on its campus. However, we will determine the feasibility of an annual training workshop for users of the Banner Fixed Assets module.

University-Specific Observations and Recommendations

OUS management concurs with the observations and recommendations pertaining to specific OUS universities. Responses from the individual universities follow:

University of Oregon:

Subcontract Audit Monitoring
The Office of Research Services and Administration (ORSA) will change all sub agreement templates and sub agreement amendment templates issued by this office to incorporate new requirements relating to audit findings. The new agreement language will require the subrecipient to report annually any Office of Management and Budget Circular A-133 audit findings to the University of Oregon. ORSA will develop appropriate procedures to address the review of any audit findings received under this requirement and action to be taken.

Portland State University:

Subcontract Audit Monitoring
PSU concurs with this observation. We have revised our procedures to include sending notices to all subrecipients, as recommended. In addition, we have implemented procedures to monitor receipt of the subrecipient notices and ensure proper filing and record retention.

Southern Oregon University:

Recording Accounts Payable
Management concurs with the audit observation that an accounts payable related to a construction project was not recorded at June 30, 2003. SOU is moving construction accounting activities from the Physical Plant to Business Services where procedures are in place to ensure accounts payable amounts are properly recorded.
Moss Adams LLP
Management Letter Response to FY 2003 Financial Statements and OMB Circular A-133 Audit
February 3, 2004
Page 3 of 3

Thanks again for the opportunity to respond to the observations and recommendations. Should you have any questions or concerns regarding the above management responses, please let me know.

Sincerely,

[Signature]

Michael J. Green, CPA
Controller
## Minutes

<table>
<thead>
<tr>
<th>Meeting Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Session of the Board, November 20, 2003</td>
<td>99</td>
</tr>
<tr>
<td>Regular Meeting of the Board, November 21, 2003</td>
<td>101</td>
</tr>
<tr>
<td>Regular Meeting of the Board, December 19, 2003</td>
<td>191</td>
</tr>
<tr>
<td>Special Meeting of the Board, January 27, 2004</td>
<td>206</td>
</tr>
</tbody>
</table>

February 20, 2004

Oregon State Board of Higher Education
1. **Call to Order/Roll Call**

An executive session of the State Board of Higher Education was convened following adjournment of a special Board meeting on November 20, 2003, in room 329, Smith Memorial Student Union, Portland State University, Portland, Oregon. It was held pursuant to ORS 192.660(1)(a) for the purpose of discussing personnel matters. Pursuant to ORS 192.660(4), no final action was taken or final decision was made at the executive session.

The executive session was called to order at 10:10 a.m. by Vice President Lehmann.

On roll call, the following Board members answered present:

- Mr. Kerry Barnett
- Ms. Rachel Pilliod
- Ms. Bridget Burns
- Dr. Geri Richmond
- Ms. Leslie Lehmann
- Ms. Phyllis Wustenberg
- Mr. Jim Lussier (arrived at 11:45)

Absent: Mr. Don VanLuvanee and Bill Williams.

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

2. **Overview of Search Process**

The Board briefly discussed the agenda and process for proceeding with the interviews.

3. **Interview Candidates for President of Eastern Oregon University**

Dr. Khosrow Fatemi arrived at 10:30 a.m. Introductions were made and the interview was conducted. Dr. Fatemi was excused at 11:45 a.m. As Director Lussier was detained due to weather, he interviewed Dr. Fatemi at noon.

Dr. Janie Park arrived at 1:00 p.m. Introductions were made and the interview was conducted. Dr. Park was excused at 2:15 p.m.

Dr. Jonathan Lawson arrived at 2:45 p.m. Introductions were made and the interview was conducted. Dr. Lawson was excused at 3:30 p.m.

4. **Deliberations**

The Board discussed the qualifications of each candidate, their impressions of the interviews, and reviewed their references and campus input.
5. **ADJOURNMENT**

The executive session adjourned at 6:00 p.m. The Board then reconvened in public session in room 327/8/9 of the Smith Memorial Student Union at 8:00 a.m. to vote on the appointment of Dr. Khosrow Fatemi (see Board minutes, Meeting #724).

Virginia L. Thompson  
Secretary of the Board

Neil Goldschmidt  
President of the Board
1. **CALL TO ORDER/ROLL CALL**

Chair Jim Lussier called the meeting of the State Board of Higher Education to order at 8:05 a.m.

On roll call, the following Board members answered present:

- Kerry Barnett
- Rachel Pilliod
- Bridget Burns
- Geri Richmond
- Leslie Lehmann
- Phyllis Wustenberg
- Henry Lorenzen
- Jim Lussier

Absent: Don VanLuvanee (personal conflict) and Bill Williams (business conflict).

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

Others: Dan Bernstine (PSU), Philip Conn (WOU), Bill Danley (IFS), Martha Anne Dow (OIT), Dave Frohnmayer (UO), Lesley Hallick (OHSU), Dixie Lund (EOU), Ed Ray (OSU), Elisabeth Zinser (SOU).

Meeting attendees also included other institution representatives, members of the System Office staff, and interested observers.

2. **APPROVAL OF MINUTES**

- Regular Board Meeting, October 17, 2003

The Board dispensed with the reading of the minutes of the October 17, 2003, Regular Board Meeting. Director Lorenzen moved and Director Lehmann seconded the motion to approve the minutes as received.


3. **EASTERN OREGON UNIVERSITY PRESIDENTIAL SEARCH**

President Lussier changed the agenda and indicated that the first item of business would be a report on the Board’s deliberation of November 20, 2003, when the Board met to finalize the search for a new president for Eastern Oregon University.
“I’d like to publicly thank Director Phyllis Wustenberg for stepping up and chairing the Search Committee in the middle of the summer. She was helped by Leslie Lehmann and Henry Lorenzen. We appreciate all of your efforts and traveling back and forth, and the countless hours required during a search. I’d like to ask Phyllis to make a few comments and report the results of the Executive Session of the Board that took place yesterday,” President Lussier said.

Director Wustenberg likewise thanked her follow Board members, Directors Lehmann and Lorenzen for their help. “Serving on a search committee is a big responsibility,” Director Wustenberg began, “and, although we’ve had some shuffling about, I think it’s one of the most pleasurable searches in which I have ever been involved. I’d also like to thank Virginia Thompson for her assistance. I would be remiss if I didn’t thank Roger Bassett for his good work in laying the groundwork. It was a big help to have had all of that organizational work done before I came on. The Board has established a comprehensive policy on presidential searches and we followed it closely with adjustments along the way. Hopefully, we came out with the very best choice.

“I’d like to first point out that the screening committee on the campus was outstanding. We gave them their charge, they followed the rules, and they did a wonderful job. Vicki Lee, who coordinated the search, was outstanding, And, finally, a very special thanks to the Search Committee. I think we did our job well, and we had quite a bit of fun while we were doing it. I’d like to personally thank: Ruth Davenport, Marie Hall, John Lamoreau, Charles Lyons, Gail McAllister (who was formally on the Board and such a valuable person in the search), Anne Patterson, Jody Potter, Scott Pugrud, Jeff Vermeer, and Sarah Witte. The work of all of these people, plus the services of our external consultants, resulted in a very large and rich pool,” Director Wustenberg observed.

“We interviewed three finalists yesterday and deliberated for quite a while. The Board asked the Chancellor to negotiate on its behalf with Khosrow Fatemi. Chancellor Jarvis, could you please report on the outcome of those negotiations?” Director Wustenberg asked.

Chancellor Jarvis indicated that he was delighted to report that Dr. Khosrow Fatemi had accepted the offer tendered by the Board to become the next president of Eastern Oregon University.

Director Wustenberg moved and Director Lehmann seconded the motion to appoint Dr. Khosrow Fatemi as the next president of Eastern Oregon University.

Those voting in favor the motion were Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, Wustenberg, and Lussier. Those voting no: none. Motion passed.

There was a standing ovation for Dr. Fatemi and his wife whom President Lussier asked to join him. Dr. Fatemi thanked President Lussier and the Board. “I’m really and truly honored and touched. It is a privilege to be in this situation. My visit to La Grande was really impressive—I was impressed with the quality of the faculty, staff, and students. As
I mentioned to the Board yesterday, I think there is tremendous potential for doing a lot of things and I’m really excited and look forward to working with all of you in bringing more educational opportunities to Eastern Oregon University.”

President Lund, on behalf of EOU, congratulated Dr. and Mrs. Fatemi. “The community and the campus are very much looking forward to your arrival. We will do everything we can to make that smooth and successful for you,” she said. “I do have one request and that is that you replace your current institution pin with an EOU pin.” President Lund presented Dr. Fatemi with an EOU lapel pin.

Chancellor Jarvis extended, on behalf of all at the Board meeting, “our thanks to Dr. Dixie Lund for the service she has provided as interim president. She has been an extraordinary colleague for all of us. I want to remind her that her job, of course, is not over and I look forward to continuing to work with her through the transition. And, indeed, our thanks to all of the leadership team at Eastern. Transitions are demanding and challenging and you have done an extraordinary job. We look forward to continuing that process. So, thank you, everyone, on behalf of the System.”

4. **Board President’s Report**
President Lussier indicated, facetiously, that he had “looked over the last month and it was kind of a routine, mundane month. Not too much happening in higher education. There are some exciting things coming up, obviously. The Governor has made a statement that he is going to lend his leadership to the reinvestment in higher education—I think that’s wonderful news.”

5. **Chancellor’s Report**
Chancellor Jarvis called on the presidents for their reports.

6. **Items from Presidents**

President Lund expressed her thanks to Director Wustenberg and Roger Bassett for their leadership with the search committee. She reported that Eastern had just completed a most successful five-year self-study accreditation visit, and the draft report included many commendations and few recommendations. “All of the recommendations were ones that we were already working on. So that was a very good process,” she indicated. “Our number one in the nation NAIA men’s cross-country team and our number 22 women’s cross-country team are both competing in the nationals in Louisville, Kentucky. These are incredible scholar athletes who have won awards in the past for having the highest GPA of the athletic teams. So, we’re proud of those students,” she concluded.

There were three items reported by President David Frohnmayer from the University of Oregon. First, the Lillis Business Complex, a $42 million state-of-the-art building for the College of Business, was recently opened. “It’s a building that will house probably 20 percent of our undergraduate classes and was built almost entirely with private money—a sad commentary on the state’s support—but also a great commentary on the
willingness of donors to step forward for capital construction. It is probably the most energy-efficient building in the world and will generate most of its electricity," President Frohnmayer added. Secondly, he reported that the UO was able to use the new building to entertain the Association of American Universities, which paid its first visit to the campus. “There were more than 47 presidents and chancellors from the nation’s leading universities on our campus. Their comments about Oregon and the University of Oregon were, I’m happy to say, extremely positive. Finally, as members of the Board and audience know, for any scientist to be elected through a peer review process to the American Association for the Advancement of Science (AAAS) is an enormously high honor and I’m pleased to report that one of our faculty members has just been elected a fellow. You know her—her name is Geri Richmond," he concluded.

Oregon State University President Ray, acknowledging the upcoming football game between OSU and UO, indicated that he had been struck by some wonderful collaborations that exist between the two institutions. "We had a meeting on campus of the Natural Resource Agency heads with colleagues from Oregon State University on Wednesday. And at lunch we had a presentation on two projects: one of them is on the Willamette Basin Restoration Initiative and the presenters included colleagues from Oregon State University and a principle part of the presentation by a colleague from the University of Oregon. We also heard about the Microsystems Materials and Devices (MMD) project, which is the signature research initiative. Principally, two faculty members made a presentation: one from the University of Oregon and one from Oregon State University. What was wonderful about that presentation, apart from the fact that obviously it involves a collaboration of the University of Oregon, Oregon State University, Portland State University, and the Pacific Northwest National Laboratories, was that, at any number of points of the discussion, each of the faculty would say, ‘And this is the part we couldn’t have done by ourselves.’ That is why partnerships and collaborations are so important," he indicated.

As a part of the interinstitutional rivalry around the Civil War, a blood drive is conducted. "The target that was set for this year was to pass 6,000 volunteer contributions. I know that as of Wednesday, we were over 5,900 and close to closing quickly on the 6,000," President Ray reported. “This is just a wonderful example of sometimes competing to knock the other guy’s block off, and that’s what it will be about tomorrow afternoon (at the football game), but sometimes you compete and everybody wins. That’s certainly what the blood drive is about, and I think it’s just a wonderful project. And, most of the time—the other 364 days of the year—you work together collaboratively because ultimately it’s not about Oregon, it’s not about Oregon State, it’s about the people and their needs, and it’s about the kids. So, I thought these were just wonderful examples of some of the things that we’re doing together and expect to build on,” he concluded.

President Dow from Oregon Institute of Technology reported that, in collaboration with the community and other good partners, the OIT library has received a $96,000 grant from the Oregon State Library to build out a digital library around the Klamath Basin water issues. “This effort will be archiving photographs and data that we are sharing and collecting. This digital library is greatly needed because almost all of the data that we
have on the Klamath water issues, including the research data, are in a variety of places. So it will be digitized and available from our location and we will be sharing with OSU, of course, their information and also with Humboldt State in California. This will help to resolve some of the issues around the Klamath Basin water,” Dr. Dow asserted. She reported that OIT’s men’s basketball team is ranked number two in the nation and the brand new girls’ basketball team, only in its second year, is ranked number 22 nationally. Finally, she reported that OIT has the highest enrollment they have ever had which is “a good thing because the growth is in the healthcare professional programs. We have a 40 percent increase and we are going to fulfill our goal and our mission to double our graduates in the health profession,” she concluded.

Portland State University President Bernstine reported that the state Emergency Board and the Portland Development Commission have approved the PSU purchase of the DoubleTree Hotel. These actions have occurred since the Board met in October. During the month of February 2004 (African American History month), PSU will be hosting the Hewitt Art Collection, the largest collection of African-American art in the world. The exhibit will be in the Littman Gallery on the campus. Finally, President Bernstine thanked Directors Leslie Lehmann and Phyllis Wustenberg, and Chancellor Jarvis, “who took part in one of PSU’s ‘umbrella tours’ on campus.”

Southern Oregon University President Zinser began by thanking President Lund for her service as Interim President. “You have had a wonderful influence on me. This is a woman who has enormous depth of spirit in her personality and I have to say I’ve been very inspired by getting to know her.” She reported on a digitalized collection that has been developed over the past couple of years related to the eco-system of the Siskiyou environment. It goes all the way from the science to the development of the native cultures in that area and is receiving a lot of national attention. Provost Earl Potter has published a major paper on higher education leadership in a book that has come out recently, and Cynthia Beckwith, Associate Vice President for Human Resources, has just published a book in higher education human resource administration. Professor Greg Jones, a professor in geography, has recently received a lot of attention from BBC, NPR, and the Australian Broadcasting Company with live interviews and the New York Times because of his presentation at the Geological Society meeting that occurred in Seattle about the global warming component of climate. He and two colleagues (from Utah and Colorado) have conducted a 50-year study in changes in the quality measurements of wines, and looked at it in relationship to the temperatures in that same period of time. President Zinser reported that the Raider Club auction raised over $100,000 in one evening, up from $55,000 last year.

President Conn reported on the second annual partnership meeting of Western Oregon University and Chemeketa Community College. “It means,” he reported, “that a room full of administrators and faculty from our nearby community college met with us and we discussed an entire range of ways that we can collaborate, all the way from talking about joint fundraising efforts to sharing adjunct faculty through an adjunct pool. Summer session collaboration and specific things like parking reciprocities were also discussed—if you have a Chemeketa parking sticker, you are welcome to park on our...
campus without getting a ticket,” Dr. Conn reported. “We’ve decided that, rather than WOU renting space in Salem and space in Polk County, we should exchange classrooms, and indeed, there are a number of Chemeketa Community College classes on our campus and, conversely, we have graduate classes on their campus, which we feel is a good way of sharing.” WOU has commenced a major strategic planning effort and held a series of related meetings. “To me, an extremely stimulating gathering was the Stakeholders’ Conference. We had outstanding panelists such as Senator Kirk Schrader, Representative Lane Shetterly, Chancellor Richard Jarvis, and Executive Director of the Salem Chamber of Commerce Mike McLaran. What was interesting was that we received some straight thought-provoking comments about driving forces that impact higher education,” he commented.

7. **Reports**

- **IFS President**

Dr. Bill Danley acknowledged this historic time in Oregon’s higher education community. “Oregon’s higher education faculty applauds Governor Kulongoski’s initiative to address the very serious issues facing higher education, and we look forward with optimism to former Governor Neil Goldschmidt’s leadership. Never before have we been so challenged, so watched, and never has so much been expected of us and of our leaders. The faculty of our institutions pledge our support, our active participation, and our good will to the drive to make higher education part of the solution in Oregon.” He thanked the Board members who would be leaving the Board and acknowledged their contributions.

“I have worked with the Interinstitutional Faculty Senate through three Chancellors, several Governors, many Board members, and I guess I’ve even outlived some of my peers. Never in my career have I known a more dedicated, hard-working, and open Board. Never have faculty had more access to Board activities and never have we been listened to with more attention and caring. I welcome change, and in fact I have fought for it for many years. I know that many exciting and progressive things are about to happen in Oregon. But as I said before, change often comes at a high price, and the changes coming to our OUS Board will come at a high price indeed. We are losing one of the most dedicated, the most open, the most tireless Boards in our history.

Dr. Danley announced that this was his last meeting with the Board as president of the Interinstitutional Faculty Senate and that Dr. Peter Gilkey, a mathematician and faculty leader at the University of Oregon, would be participating in the Board meetings. (NOTE: A complete transcript of Dr. Danley’s comments are on file in the Board’s office.)

- **OSA President – Andy Saultz**

Mr. Saultz likewise thanked the Board members for their service to public higher education. “Students have really enjoyed working with all of you on the Board over the
past couple of years and you’ve all been very receptive to students’ concerns, and have been willing to meet with and listen to us and the issues that we’ve brought forward. You have shown us great sincerity and deep commitment to higher education in Oregon. While we haven’t always agreed on the path, we’ve always agreed on where we hoped to arrive,” he observed.

IFS expressed great interest in the Board discussion on recruitment and retention of women faculty and faculty of color scheduled for later in the meeting. “Recruitment and retention of faculty and students of color is an important issue for all students in the System and we hope that it is continually studied to ensure that campuses can build off of effective strategies and overcome common challenges,” Mr. Saultz observed.

Relative to discussions of affordability, he indicated that to retain students and keep them in the System, campuses must develop strategies concerning affordability for low-income students. It must be a campus priority to provide access to all students, no matter their background.

Mr. Saultz introduced Ms. Jasmin Thana, Co-chair of the Oregon Students of Color Coalition, a coalition that has been working on the issue of allowing in-state tuition for undocumented students over the past year. “As an affiliate of the Oregon Student Association, we work to increase access to post-secondary education in Oregon,” she explained. She urged the Board to consider in-state tuition for undocumented students. “We ask that you consider this today while you consider changes in Oregon’s residency rules. We understand the Board is now going through a transition, but this should not wait. Please either send a message to the new Board members or take up this issue yourselves to ensure that all students graduating this spring will have an equal opportunity to attend an Oregon university this fall,” Ms. Thana concluded. (NOTE: a full transcription of Mr. Saultz’ and Ms. Thana’s remarks are available in the Board’s office.)

8. **Budget and Finance Committee**

   **Action Items**

   a. **Allocation of ETIC Funds for 2003-2005**

   **Docket Item:**

   **Executive Summary**

   The recommendations continue the ten-year investment strategy established by the Oregon Legislature in 1997. A primary goal of ETIC funding is to create job opportunities for Oregonians through investments that support the global competitiveness of Oregon’s industries and the technical skills of Oregonians. Public funds in the amount of $21.4 million funds will be invested over the two-year period starting July 2003 and will leverage over $37 million in private funds—a dramatic increase over past years, in spite of the current recession.
The funds will be used to make targeted investments that enhance engineering education capacity and excellence with the expectation that results will be measured against a detailed set of metrics. The funding builds on a strong five-year track record, as evidenced by private funds exceeding forecasts and by increases in both graduate rates and research programs.

**Objectives**
Stimulate economic development, create jobs, and increase tax revenues by continuing successful investments in the capacity and excellence of engineering education programs that will result in:

- Dramatically increasing the number of engineering and computer science degrees granted by Oregon universities.
- Improving the quality of all Oregon university engineering and computer science education programs, as measured by national rankings of select colleges, departments, and programs.
- Providing and increasing opportunities to Oregonians whether they are new to the workforce, entrepreneurs, or displaced by changes in the economy.
- Enhancing the technical readiness of all university graduates.

**Recommendations**
Achieve the above objectives by investing $21.4 million in public funding matched by over $37 million in private funding during the 2003-2005 Biennium. Use these funds to:

- Support recently hired faculty and hire new faculty members.
- Enhance Oregon’s ability to educate its young people and its working professionals in the areas of engineering and computer science.
- Generate additional research grants and contracts from federal and private sources that are greater than the salary costs of the new engineering faculty.
- Make programs more attractive to top-quality students and faculty and enhance their value to Oregon’s economy as key centers of innovation.
- Expand laboratories to serve the needs of the increased student population and ensure the quality of the educational offerings and the work-readiness of graduates.
- Increase the quality and diversity of engineering and computer science students.
- Enhance programs in elementary, middle, and high school that allow young people to explore engineering and technology at an early age, thus increasing the likelihood they will pursue these careers in college.

The following table presents the proposed investments by institution along with the projected private support during the Biennium.
Summary of Investment Allocations by Institution

<table>
<thead>
<tr>
<th></th>
<th>State Funds ($M)</th>
<th>Projected Private Support ($M)</th>
<th>Projected Support Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>0.25</td>
<td>0.08</td>
<td>0.30</td>
</tr>
<tr>
<td>OGI/OHSU</td>
<td>2.60</td>
<td>4.00</td>
<td>1.54</td>
</tr>
<tr>
<td>OIT</td>
<td>1.08</td>
<td>0.97</td>
<td>0.90</td>
</tr>
<tr>
<td>OSU</td>
<td>9.92</td>
<td>19.30</td>
<td>1.95</td>
</tr>
<tr>
<td>PSU</td>
<td>4.96</td>
<td>7.88</td>
<td>1.59</td>
</tr>
<tr>
<td>SOU</td>
<td>0.54</td>
<td>0.54</td>
<td>1.00</td>
</tr>
<tr>
<td>UO</td>
<td>1.80</td>
<td>4.24</td>
<td>2.36</td>
</tr>
<tr>
<td>WOU</td>
<td>0.25</td>
<td>0.8</td>
<td>0.30</td>
</tr>
<tr>
<td>Total/Average</td>
<td>21.40</td>
<td>37.08</td>
<td>1.73</td>
</tr>
</tbody>
</table>

**Background**

Starting in 1997, the Oregon legislature set Oregon on a course to establish strategic goals for increasing investment in engineering education by passing Senate Bill 504. Since that time, substantial progress has been made in increasing the capacity and quality of Oregon’s engineering education programs. Graduation rates are rising, strong programs are becoming stronger, and mileposts for strategic goals to move programs, departments, and colleges up in national rankings are being attained.

The Engineering and Technology Industry Council (ETIC) was established in 1997 to advise the Oregon University System on the needs of industry. It is made up of executives from Oregon’s leading engineering companies. In addition to making recommendations it carefully monitors the progress of the engineering programs based on pre-established metrics aligned with these long-term goals.

Senate Bill 504 and the creation of the ETIC were in response to dramatic changes going on in Oregon and the rest of the county. Over the last twenty years Oregon’s economy has changed in several ways:

- It has gone from a resource-based economy to a diversified economy with the largest sector being high technology.
- Oregon’s high technology companies compete with companies worldwide based on their ability to exploit new research and bring innovative and productivity-enhancing technologies to market.
- All of Oregon’s industries have found access to technically skilled workers essential to their success now and looking into the future.
Ballot Measure 5 and other constraints kept Oregon’s output of technical degrees relatively flat at a time when demand skyrocketed. Oregon’s companies filled the growing skill gap by importing talent from out of state. Companies considering establishing operations in Oregon expected to do the same. In the short term this solution has seemed to work, but in the long run it is a recipe for disaster because:

- Many of the best opportunities go to those from other states rather than Oregon’s own children and neighbors.
- The time and money required to import talent from out of state puts existing and prospective Oregon companies at a competitive disadvantage and gives these companies a reason to consider other locations for making new investments.
- The resulting shortage of in-state technical talent makes it more difficult to generate new technologies and grow new businesses.

These same constraints limited the depth and breadth of engineering research programs at Oregon’s universities, forcing Oregon companies to go outside Oregon to find the research programs with which to form partnerships and in which to make investments.

A more effective solution is for Oregon to “grow” a majority of its own technical professionals while still recruiting some from out of state, thereby obtaining a diversity of technical skills and backgrounds. Investing in the capacity and excellence of our universities and college’s engineering and computer science programs gives us several key benefits:

- The cost of hiring is reduced.
- The professionals hired from Oregon's colleges and universities are more likely to stay in Oregon as their professional skills grow, further benefiting Oregon’s economy.
- Opportunities are available to those who are already residents of the state, whether it is young people starting their first career or those displaced by changes in the economy.
- Companies considering establishing facilities in Oregon are confident that they can hire the people they need to grow their business in Oregon.
- World-class research helps Oregon's existing companies compete more effectively, attracts new businesses from out of state, and provides the genesis for start-up companies through technology transfer and “spin-outs.”
ETIC: The Engineering and Technology Industry Council includes executives from some of Oregon's top high technology employers, key public organizations, and education partners.

- CH2M HILL, Inc.
- Gunderson Inc.
- Hewlett Packard Company
- Intel Corporation
- LSI Logic Corporation
- Mentor Graphics Corporation
- Network Elements, Inc.
- Tektronix Inc.
- Xerox Corporation
- Eastern Oregon University
- OHSU/OGI School of Science and Technology
- Oregon Institute of Technology
- Oregon State University
- Oregon University System, Chancellor's Office
- Portland State University
- Southern Oregon University
- University of Oregon
- Western Oregon University
- American Electronics Association (Oregon Council)
- Software Association of Oregon

Process: Each of Oregon’s higher education institutions has carefully analyzed how it can contribute to the goals described above. The members of ETIC have reviewed each institution’s analysis for relevance to industry needs and the ability to contribute to a dramatic growth in degrees awarded. This review process has resulted in the investment initiatives described in this document. The members of ETIC are committed to the success of this effort.

Results: As shown in the tables in the attachment to this document, the proposed investments will produce:

- increases in the number and quality of faculty to teach and conduct research;
- increases in externally funded research;
- increases in student credit hours and degrees granted; and
- increases in the quality and diversity of engineering and computer science students.
Attachment – Metrics Forecast

Following are the metrics forecasts associated with this proposal.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Faculty Supported by ETIC Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Hired in Previous Biennia</td>
</tr>
<tr>
<td>EOU</td>
<td>0.0</td>
</tr>
<tr>
<td>OGI</td>
<td>4.0</td>
</tr>
<tr>
<td>OIT</td>
<td>4.0</td>
</tr>
<tr>
<td>OSU</td>
<td>16.75</td>
</tr>
<tr>
<td>PSU</td>
<td>10.0</td>
</tr>
<tr>
<td>SOU</td>
<td>2.32</td>
</tr>
<tr>
<td>UO</td>
<td>1.0</td>
</tr>
<tr>
<td>WOU</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>40.57</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 2</th>
<th>Total Research ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AY99 Baseline</td>
</tr>
<tr>
<td>EOU</td>
<td>n/a</td>
</tr>
<tr>
<td>OGI</td>
<td>15.0</td>
</tr>
<tr>
<td>OIT</td>
<td>1.2</td>
</tr>
<tr>
<td>OSU</td>
<td>12.3</td>
</tr>
<tr>
<td>PSU</td>
<td>1.8</td>
</tr>
<tr>
<td>SOU</td>
<td>0.0</td>
</tr>
<tr>
<td>UO</td>
<td>6.1</td>
</tr>
<tr>
<td>WOU</td>
<td>n/a</td>
</tr>
<tr>
<td>Total</td>
<td>36.4</td>
</tr>
</tbody>
</table>
Table 3
Engineering & Computer Science Undergraduates

<table>
<thead>
<tr>
<th></th>
<th>Credit Hours</th>
<th>Degrees Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AY99 Baseline</td>
<td>AY09 Forecast</td>
</tr>
<tr>
<td>EOU</td>
<td>1,417</td>
<td>2,625</td>
</tr>
<tr>
<td>OGI</td>
<td>no undergraduate program</td>
<td></td>
</tr>
<tr>
<td>OIT</td>
<td>23,263</td>
<td>35,635</td>
</tr>
<tr>
<td>OSU</td>
<td>52,690</td>
<td>69,000</td>
</tr>
<tr>
<td>PSU</td>
<td>20,785</td>
<td>32,639</td>
</tr>
<tr>
<td>SOU</td>
<td>6,406</td>
<td>8,000</td>
</tr>
<tr>
<td>UO</td>
<td>13,925</td>
<td>14,000</td>
</tr>
<tr>
<td>WOU</td>
<td>7,170</td>
<td>8,250</td>
</tr>
<tr>
<td>Total</td>
<td>125,656</td>
<td>170,149</td>
</tr>
</tbody>
</table>

Table 4
Engineering & Computer Science Graduates

<table>
<thead>
<tr>
<th></th>
<th>Credit Hours</th>
<th>Degrees Granted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AY99 Baseline</td>
<td>AY09 Forecast</td>
</tr>
<tr>
<td>EOU</td>
<td>no graduate program</td>
<td></td>
</tr>
<tr>
<td>OGI</td>
<td>13,202</td>
<td>14,000</td>
</tr>
<tr>
<td>OIT</td>
<td>49</td>
<td>n/a</td>
</tr>
<tr>
<td>OSU</td>
<td>12,870</td>
<td>22,800</td>
</tr>
<tr>
<td>PSU</td>
<td>8,685</td>
<td>18,847</td>
</tr>
<tr>
<td>SOU</td>
<td>128</td>
<td>450</td>
</tr>
<tr>
<td>UO</td>
<td>2,444</td>
<td>3,785</td>
</tr>
<tr>
<td>WOU</td>
<td>No graduate program</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37,378</td>
<td>59,882</td>
</tr>
</tbody>
</table>
Table 5
Combined Undergraduate and Graduate Degrees

<table>
<thead>
<tr>
<th></th>
<th>AY99 Baseline</th>
<th>AY09 Forecast</th>
<th>Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>0</td>
<td>16</td>
<td>N/A</td>
</tr>
<tr>
<td>OGI</td>
<td>131</td>
<td>155</td>
<td>18%</td>
</tr>
<tr>
<td>OIT</td>
<td>128</td>
<td>243</td>
<td>90%</td>
</tr>
<tr>
<td>OSU</td>
<td>543</td>
<td>763</td>
<td>41%</td>
</tr>
<tr>
<td>PSU</td>
<td>266</td>
<td>420</td>
<td>58%</td>
</tr>
<tr>
<td>SOU</td>
<td>38</td>
<td>70</td>
<td>84%</td>
</tr>
<tr>
<td>UO</td>
<td>79</td>
<td>143</td>
<td>81%</td>
</tr>
<tr>
<td>WOU</td>
<td>40</td>
<td>46</td>
<td>15%</td>
</tr>
<tr>
<td>Total</td>
<td>1,225</td>
<td>1,856</td>
<td>52%</td>
</tr>
</tbody>
</table>

Table 6
Test Score and Diversity Summary

<table>
<thead>
<tr>
<th></th>
<th>AY99 Baseline</th>
<th>AY06 Forecast</th>
<th>Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avg. SAT/ACT percentile of freshmen</td>
<td>64.7%</td>
<td>72.3%</td>
<td>11.7%</td>
</tr>
<tr>
<td>Avg. GRE percentile of graduate students</td>
<td>69.8%</td>
<td>81.7%</td>
<td>17.1%</td>
</tr>
<tr>
<td>Women graduating from ECS</td>
<td>12.6%</td>
<td>17.0%</td>
<td>34.9%</td>
</tr>
<tr>
<td>Minorities graduating from ECS</td>
<td>14.3%</td>
<td>15.3%</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

BOARD DISCUSSION AND ACTION:

President Lussier introduced Dr. Bruce Schafer, Executive Director for ETIC, to present the report and recommendation for action. Mr. Schafer reminded the Board that they had received a report in July 2002 about the ETIC proposal for investing in the engineering capacity of excellence. “At that time, we were pretty optimistic that we would be able to continue the increasing investments, taking it from $20 to $25 million up to $40 million in this biennium. It’s no surprise to any of us that we didn’t make it. The legislature and the OUS budget allocated some $21.4 million,” he pointed out.
“I think part of the magic of what we’re doing is not ETIC itself, but the collaboration of the eight campuses—seven campuses and the OGI unit of OHSU. The assumption going into this biennium was that we wanted to continue to invest in both capacity and excellence. This biennium, as you may recall, instead of having two complementary strategies, we had a single strategy. We continue to emphasize leveraging private support. The strategy, in essence, is to invest in capacity as it is measured by increases in student credit hours, increases in engineering degrees granted. Invest in excellence: a key measure of that is externally funded research, as well as moving our various programs up in national rankings. The investments are made on a merit basis,” he observed.

It was explained that the resources go to support faculty already hired with ETIC funds, as well as 17 new faculty members hired in this biennium. In addition, the funds are used to expand laboratories, increase quality, enhance pre-college programs, invest in research centers, and move up in national ranking.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Engineering &amp; Computer Science Undergraduates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Credit Hours</td>
</tr>
<tr>
<td></td>
<td>AY99 Baseline</td>
</tr>
<tr>
<td>EOU</td>
<td>1,417</td>
</tr>
<tr>
<td>OGI</td>
<td>no undergraduate program</td>
</tr>
<tr>
<td>OIT</td>
<td>23,263</td>
</tr>
<tr>
<td>OSU</td>
<td>52,690</td>
</tr>
<tr>
<td>PSU</td>
<td>20,785</td>
</tr>
<tr>
<td>SOU</td>
<td>6,406</td>
</tr>
<tr>
<td>UO</td>
<td>13,925</td>
</tr>
<tr>
<td>WOU</td>
<td>7,170</td>
</tr>
<tr>
<td>Total</td>
<td>125,656</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 4</th>
<th>Engineering &amp; Computer Science Graduates</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Credit Hours</td>
</tr>
<tr>
<td></td>
<td>AY99 Baseline</td>
</tr>
<tr>
<td>EOU</td>
<td>no graduate program</td>
</tr>
<tr>
<td>OGI</td>
<td>13,202</td>
</tr>
<tr>
<td>OIT</td>
<td>49</td>
</tr>
<tr>
<td>OSU</td>
<td>12,870</td>
</tr>
<tr>
<td>PSU</td>
<td>8,685</td>
</tr>
<tr>
<td>SOU</td>
<td>128</td>
</tr>
<tr>
<td>UO</td>
<td>2,444</td>
</tr>
<tr>
<td>WOU</td>
<td>no graduate program</td>
</tr>
<tr>
<td>Total</td>
<td>37,378</td>
</tr>
</tbody>
</table>
### Table 5
Combined Undergraduate and Graduate Degrees

<table>
<thead>
<tr>
<th></th>
<th>AY99 Baseline</th>
<th>AY06 Forecast</th>
<th>'99-06 Gain</th>
<th>AY09 Forecast</th>
<th>'99-'09 Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>0</td>
<td>16</td>
<td>N/A</td>
<td>21</td>
<td>N/A</td>
</tr>
<tr>
<td>OGI</td>
<td>131</td>
<td>155</td>
<td>18%</td>
<td>200</td>
<td>53%</td>
</tr>
<tr>
<td>OIT</td>
<td>128</td>
<td>243</td>
<td>90%</td>
<td>306</td>
<td>139%</td>
</tr>
<tr>
<td>OSU</td>
<td>543</td>
<td>763</td>
<td>41%</td>
<td>785</td>
<td>45%</td>
</tr>
<tr>
<td>PSU</td>
<td>266</td>
<td>420</td>
<td>58%</td>
<td>529</td>
<td>99%</td>
</tr>
<tr>
<td>SOU</td>
<td>38</td>
<td>80</td>
<td>111%</td>
<td>89</td>
<td>134%</td>
</tr>
<tr>
<td>UO</td>
<td>79</td>
<td>148</td>
<td>87%</td>
<td>192</td>
<td>143%</td>
</tr>
<tr>
<td>WOU</td>
<td>40</td>
<td>46</td>
<td>15%</td>
<td>50</td>
<td>25%</td>
</tr>
<tr>
<td>Total</td>
<td>1,225</td>
<td>1,871</td>
<td>53%</td>
<td>2,172</td>
<td>77%</td>
</tr>
</tbody>
</table>

“The strong industry input, not just on industry needs, which of course are critical, but using the industry ethic of ‘it doesn’t matter unless it produces results,’ has been a large part of the success of ETIC,” Dr. Schafer concluded.

President Lussier asked what efforts had been directed to the challenge of diversity in these fields. Dr. Schafer indicated that there had been some successes so far, but nothing that he would call “substantial.” He highlighted several programs: OIT’s TWIST (Teen Women In Science & Technology) that focuses on young women; PSU’s Saturday Academy, that includes advocacy for women in science, engineering, and math; and a 4H technology outreach program administered by OSU. “We also have statewide engineering programs at the middle school level called Oregon Robotics Tournament and Outreach Program (ORTOP), and its two key metrics are increasing participation of women and minorities and those numbers continue to move up. At the college level, we’re seeing some improvement in incoming freshmen women and minorities, but a tough issue is making them feel comfortable through their college career and keeping them in the engineering programs,” Schafer added.

Another question raised by President Lussier was whether there was a way to measure ETIC contributions to the economy and how it might have changed or enhanced the economy in any way. It was pointed out that ETIC commissioned a microscopic study by economy.com, a national econometrics firm, and some correlations were shown. “But,” Dr. Schafer added, “as you know, correlations don’t prove cause and effect.”

Director Lehmann asked if there were still concerns from employers about the inability to fill top-level jobs with Oregon graduates. It was observed that progress is being made, although it was pointed out that there is a little less panic with the slow down in the economy. But the state needs to continue to invest in unique intellectual capital so that the truly unique things can be developed here in the U.S. and in Oregon.

A question was raised about the relationship between ETIC and OCKED (the Oregon Council on Knowledge and Economic Development) and how much collaboration there...
was between the two groups. It was acknowledged that there has been a great deal of collaborative work, but that much more needed to occur. While there is overlap in the area of engineering research, these are substantially different groups. ETIC focuses on advising OUS specifically on engineering, while OCKED has a more wide-ranging charter about knowledge and the economy.

Chancellor Jarvis acknowledged the extraordinary job that Bruce Schafer does in supporting ETIC. “He is a superb administrator of that program and it’s been a real pleasure for me working with him these last several months. Bruce is always available electronically and sort of assumes that you are, too. He drives this process with tireless energy. I should also say that the ETIC industrial members were tireless in the last legislative session, putting tremendous effort in for us.”

OIT President Dow confirmed the Chancellor’s statements and indicated that their interactions with ETIC “have been profound.”

It was moved by Director Wustenberg and seconded by Director Lorenzen to approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, VanLuvanee, Wustenberg, and Lussier. Those voting no: none. Motion passed.

b. Proposed temporary rule on use of employee Social Security Numbers (OAR 580-021-0044)

*Staff Report to the Board*
Heightened awareness on campuses of problems arising from identity theft and misuse of personal information has renewed interest in the use of employees' Social Security numbers by campuses and their business partners. Individual campuses are gradually converting to alternate identification numbers for their employees, and have requested advice on appropriate compliance with federal and state preclusions to the use and disclosure of employees' Social Security numbers.

The OUS received advice from the Oregon Department of Justice on September 26, 2003, summarizing appropriate mandatory and voluntary uses of Social Security numbers and noting that any request for voluntary disclosure must be authorized by statute or administrative rule. The following rule is drafted to incorporate provisions of the Privacy Act of 1974, which describes actions a governmental agency must take when requesting an individual to disclose his or her Social Security number for any non-mandatory use, as outlined by the Act.
Recommendation to the Board
Staff recommended the Board adopt OAR 580-021-0044 by temporary rule as follows:

580-021-0044 Use of Employees’ Social Security Numbers

(1) The Oregon University System and each institution within the System shall comply with the requirements of Section 7 of the Privacy Act of 1974 when requesting disclosure of an employee’s Social Security number. Pursuant to the authority of the Oregon University System to implement personnel systems and exercise payroll authority, the Chancellor’s Office and each institution within the Oregon University System may request that employees furnish valid Social Security numbers for mandatory and voluntary uses, subject to the use and disclosure provisions of the Privacy Act.

(2) (a) An institution may require disclosure of an employee’s Social Security number for mandatory uses as provided for under Section 7(a)(2) of the Privacy Act, including:

(A) Use and disclosure for certain program purposes, including disclosure to the Internal Revenue Service, the Social Security Administration, the Federal Parent Locator Service, the Department of Veterans Affairs, the Bureau of Citizenship and Immigration Services, Aid to Families with Dependent Children, Medicare and Medicaid, Unemployment Insurance, Workers Compensation, and, in appropriate cases, epidemiological research.

(B) Administration and accounting purposes including the payment of state, federal and local payroll taxes; withholdings for FUTA and FICA; calculation and applicable reporting of pre-tax salary deductions for benefits including, but not limited to, IRC 117 and IRC 127 scholarship and educational assistance programs; IRC 457 deferred compensation and IRC 403(b) tax-sheltered annuity plans; IRC 401(a) retirement plans; IRC 132 pre-tax parking and transit plans, IRC 125 flexible spending account or cafeteria plans; or IRC 105 or 106 health reimbursement arrangements.

(C) To the extent required by federal law, an employee’s Social Security number may be provided to a foreign, federal, state, or local law enforcement agency for investigation of a violation or potential violation of a law for which that entity has jurisdiction for investigation or prosecution.

(b) An institution may request voluntary disclosure and consent to use an employee’s Social Security number for the following purposes: internal verification and identification for personnel administration, payroll records, enrollments or elections for participation in campus programs and services provided by the public universities.

(c) An institution may request voluntary disclosure and consent to use the Social Security number of an employee or the spouse, partner or dependent of the
person requesting participation, as required by the administrator of each record-keeping system, benefit, program, or service.

(3) A request for disclosure of an employees’ Social Security number will notify the employee:

(a) whether disclosure is mandatory or voluntary;

(b) under what statutory or other authority the Social Security number is requested;

(c) what specific use or uses will be made of the number; and

(d) what effect, if any, refusal to provide the number or to grant consent for a voluntary use as described above in (2)(b) and (c) will have on an individual.

(4) An employee’s Social Security number may not be put to a voluntary use as described above in (2)(b) and (c) unless the employee has granted consent for that use. If, after having provided notice and received consent to use an employee’s Social Security number for specified purposes, an institution wishes to use the Social Security number for additional purposes not included in the original notice and consent, the requesting entity must provide the employee notice and receive the employee’s consent to use the number for those additional purposes.

(5) An employee’s refusal to permit a voluntary use of his or her Social Security number will not be used as a basis to deny the employee a right, benefit, or privilege provided by law.

(6) The Office of the Chancellor will develop a model disclosure and consent form for use by institutions in the Oregon University System. An institution may use a disclosure and consent form that differs from the model form only if:

(a) the differences are required to satisfy specific programmatic requirements or the entity’s particular administrative needs, and

(b) the form complies with all requirements of the Privacy Act of 1974 and this rule.


BOARD DISCUSSION AND ACTION:

General Counsel Ben Rawlins briefly reviewed the substance of the OAR rule. “As you are aware, recent concerns have increased regarding proper security of Social Security numbers and information regarding the identities of persons and privacy relating to those. We, like all employers, have been examining ways in which to increase that,” Mr. Rawlins said. He indicated that the examination had focused on
the need to modify the rules governing how Social Security numbers are used. He explained that this is an effort to put OUS more directly in conformity with the federal privacy act of 1974.

A motion was made by Director Lorenzen to approve the staff recommendation. On roll call the following voted in favor of the motion: Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, VanLuvanee, Wustenberg, and Lussier. Those voting no: none. The motion was approved.

c. Proposed temporary rule to identify “unclassified positions” within the Oregon University System (OAR 580-020-0006) (role call vote)

DOCKET ITEM:

*Staff Report To The Board*

Increased review and analysis of the Oregon University System personnel system at the universities and in the Chancellor’s Office have brought to our attention an immediate need to update the old and deleted definition of the Oregon University System’s unclassified employees. It was appropriate to clarify the OUS current practice of assigning unclassified employees to this employment category. The Chancellor’s Office and university human resources personnel have collaborated on this issue to determine the appropriate definition of unclassified positions.

The OUS received advice from the Oregon Department of Justice, encouraging the System to immediately adopt a temporary rule to clarify and define its outdated policy. This rule will distinguish certain positions that do not provide academic instruction, and which do not fit within the System’s classification system for represented employees.

*Recommendation to the Board*

Staff recommended the Board adopt OAR 580-020-0006 by temporary rule as follows:

(1) The Oregon University System and each of its universities shall comply and implement this policy, pursuant to the authority of the Oregon University System under 351.070 to adopt personnel policies for the Oregon University System.

(2) Unclassified service includes positions that do not meet the criteria for academic teaching, and which do not fit within the Oregon University System classification system for represented employees. The following positions meet this criteria:

1. Chancellor, Chancellor’s Cabinet (Senior Vice Chancellors, Vice Chancellors, Board Secretary, Deputy for Planning/Chief Information Officer, General Counsel and Deputy to the Chancellor, Director of Government Relations), Associate Vice Chancellors, Assistant Vice Chancellors, Associate Board Secretary

2. Presidents, President’s Cabinet
3. Provosts, Vice Provosts, Associate Vice Provosts, and Assistant Vice Provosts
4. Vice Presidents and Associate Vice Presidents
5. Deans and Associate Deans
6. Directors and Associate Directors of academic, administrative, and service units
7. Controllers and Budget Officers
8. Registrars and Associate Registrars
9. Legal Counsel and Attorneys
10. Athletic Directors and Associate Athletic Directors
11. Executive and other special assistants to each of the positions listed above (items 1 through 10)
12. Assistant Vice Presidents, Assistant Deans, Department Heads/Chairs, Assistant Directors, Managers, and Assistant Registrars
13. Professors, Associate Professors, Assistant Professors, Instructors, Lecturers, Research Associates, Research Assistants, Scholars, and Fellows
14. Librarians, Archivists, and Museum or Collection Curators
15. Advisors and Counselors, including academic, financial aid, admissions, career, residential life, and athletic
16. Assistant Athletic Directors, Athletic Coaches, Assistant Athletic Coaches, Athletic Trainers, Assistant Athletic Trainers, and Athletic Eligibility & Compliance Officers
17. Human Resources personnel
18. Interpreters
19. Development and Advancement Officers
20. Physicians, Psychologists, and Clinical Counselors
21. General Managers, Directors, Producers, and Announcers of state radio and television service
22. Positions assigned responsibility integral to creating or contributing to instruction, scholarship, and/or scholarly products as a peer/collaborator or require specific credentials, background, and/or experience intrinsic to the academic, administrative, or service program responsibilities assigned.

23. Positions assigned in student affairs functions, such as administrators of the judicial affairs officers, including Student Conduct Coordinators

24. Other positions that do not primarily provide academic instruction and that do not fit within the Oregon University System’s classification system for represented employees.

BOARD DISCUSSION AND ACTION:

Senior Vice Chancellor Anderes briefly reviewed the content of the rule change. He indicated that this rule change resulted from looking at the definitions of unclassified employees. This review had not been done since pre-Senate Bill 271, and there have been considerable changes. There is an existing set of positions that presently defines unclassified positions, but again that hasn’t been looked at for a number of years. What was presented to the Board was a revised list of positions.

Dr. Anderes indicated that all of the positions in OUS had been examined by the Chancellor’s Office working with the Human Resource offices at the campuses. The basic question asked was “Is this a position that has some supervisory responsibility? Is this a position that has confidential concerns or relationships? Or is this one that has a managerial perspective or responsibility?” Those are the criteria that were used to look at the positions and categorize them as classified or unclassified.

It was moved by Director Lehmann and seconded by Director Wustenberg that the Board adopt the staff recommendation. On roll call the following voted in favor: Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, VanLuvanee, Wustenberg, and Lussier. Those voting no: none.

9. SYSTEM STRATEGIC PLANNING COMMITTEE

Action Item

a. Proposed OUS Residency Rule Changes (OAR 580-010-0029 thru 0047) (role call vote)

DOCKET ITEM:

Summary and Background

As part of its statutory authority to set tuition and fees at OUS institutions, the Board adopts administrative rules to distinguish residents of Oregon from non-residents for the
purpose of assessing differential tuition. The current set of Oregon Administrative Rules (OAR 580-010-0029, 580-010-0030, 580-010-0031, 580-010-0033, 580-010-0035, 580-010-0037, 580-010-0040, 580-010-0041, and 580-010-0045) governing residence classification of students has remained largely intact since November 1, 1993, when major revisions became effective. At that point, primarily in response to 1990’s Measure 5, a more rigorous set of rules was implemented in order to help ensure that only bona fide Oregon residents would benefit from resident tuition rates. Since that substantial overhaul, other recent changes to the residency rules have been:

- **1995**: modifications that included raising the number of hours above which students are presumed to be in Oregon primarily for educational purposes;
- **1998**: the adoption of OAR 580-010-0037, residence classification of Oregon Tribes;
- **2001**: an amendment to OAR 580-010-0035, residence classification of armed forces personnel, allowing a member of the armed forces, stationed in a foreign country, to establish Oregon residency for tuition purposes by filing Oregon income taxes no later than 12 months before leaving active duty (as mandated by HB 2177 of the 2001 Oregon Legislative Assembly); and,
- **2003**: a temporary amendment to OAR 580-010-0035, residence classification of armed forces personnel, that would allow any member of the armed forces to establish Oregon residency for tuition purposes by filing Oregon income taxes no later than 12 months before leaving active duty (as mandated by SB 525 of the 2003 Oregon Legislative Assembly).

The amendments to the residency rules proposed at the November 2003 Board meeting represent no new major policy direction with respect to residence classification of OUS students. Rather, recent legislation, challenges to the rules through the appeals process and litigation, and the specific request of one Native American tribe to be included in OAR 580-010-0037, all provided stimuli for this review. Over a two-year period, staff from OUS Academic Affairs, OUS Legal Affairs, and the Oregon Department of Justice drafted amendments to ensure compliance with recent legislation (SB 525); ensure accurate interpretation of OAR 580-010-0037(1) (criteria to treat members of various Native American tribes as residents for tuition purposes); and provide clarification based on analysis of student appeals and litigation. During this review process, the Interinstitutional Residency Committee (IRC) regularly provided suggestions and advice on the proposed amendments.

A brief summary of the proposed amendments follows:

- **OAR 580-010-0029**: Clarifies and expands definitions of “domicile,” “financially independent person,” and “financially dependent person.”
- **OAR 580-010-0030**: Clarifies and expands language relating to determination of residence.
- **OAR 580-010-0031**: Clarifies and expands language relating to residency consideration factors.
- **OAR 580-010-0033**: Clarifies evidence of financial dependency.
- OAR 580-010-0035: Makes permanent the temporary rule change (adopted by the Board of Higher Education on July 18, 2003) that provides compliance with SB 525, which was signed by the Governor, and became effective, on June 6, 2003; and amends language pertaining to residence classification of military members recently released from service.
- OAR 580-010-0037: Provides for the inclusion of enrolled members of the Yurok Tribe (of California) as a group eligible for Oregon residency.
- OAR 580-010-0040: Modifies the eligibility for Oregon residency based on a non-citizen’s visa status (based on recent changes in and interpretations of immigration law).
- OAR 580-010-0041: Amends language relating to changes in residence classification.
- OAR 580-010-0045: Amends language relating to the appeals process.

Of the several amendments just described, two call for more extensive explanation.

First, the proposed amendment to OAR 580-010-0037 adds the Yurok Tribe of California to the list of Oregon Tribes whose enrolled members are eligible to be classified as Oregon residents for tuition purposes. The criteria for inclusion are stated in OAR 580-010-0037(1) as a “Native American tribe which had traditional and customary tribal boundaries that included parts of the state of Oregon or which had ceded or reserved lands within the state of Oregon.” When adopted in 1998, OAR 580-010-0037 did not include the Yurok Tribe on the list of federally recognized tribes meeting these criteria; hence, enrolled members of the Tribe have not been able to achieve Oregon resident status on the basis of their tribal membership alone. However, in 2001, leaders of the Yurok Tribe contacted the Chancellor’s Office with questions about their residency status under the OARs. In April of 2002, Yurok leaders made an official request for inclusion as one of the eligible tribes. In response, a process was developed for considering such requests from Native American tribes. In March 2003, after extended interactions with the tribal leadership, documentary materials were received that, upon review, were deemed sufficient in providing evidence for the inclusion of the Yurok Tribe in OAR 580-010-0037.

Second is the rule that addresses the residence classification of individuals who do not have United States citizenship. Currently OAR 580-010-0040 is labeled “Residence Classification of Aliens;” the proposed new title is “Residence Classification of Non-Citizens.” The residence classification of non-citizens was a highly controversial matter during the 2003 legislative session, stemming from two bills (SB 10, HB 3651) that concerned the residency classification of undocumented (illegal) non-citizens. Since neither of the bills passed, no rule change is proposed here that would permit undocumented non-citizens to be defined as residents for tuition purposes. However, certain categories of documented (legal) non-citizens may be considered for resident status as long as other conditions (i.e., establishment and maintenance of a domicile in Oregon for 12 consecutive months while engaged in activity that is other than that of being a college student) specified within the rules are met. While OAR 580-010-0040 has been entirely rewritten, the revisions proposed here are not major ones. As in the
current version of the rule, non-citizens eligible for consideration include: lawful permanent residents; immigrants granted refugee or political asylum in the United States; and individuals holding an allowed non-immigrant visa classification. Recent changes to immigration law and visa categories were reviewed by staff to produce the list of allowable visa classifications. The list includes those classifications that recognize some element of permanency associated with the non-immigrant’s stay in the country (e.g., an individual holding a student visa would not be considered for resident status).

To provide for public input to these proposed amendments, a public hearing was held on October 23, 2003. No one offered testimony at this forum, nor were any written comments received.

The specific amendments to the rules governing residence classification of students in the Oregon University System follow. Note: Strikethrough indicates language to be deleted, and **bold** indicates proposed new language.

### 580-010-0029 Definitions

For the purpose of OAR 580-010-0030 through 580-010-0045, the following words and phrases mean:

1. "**Domicile**" denotes a person's true, fixed, and permanent home and place of habitation. It is the place where a person intends to remain and to which the person expects to return when the person leaves without intending to establish a new domicile elsewhere. In order to establish a domicile in Oregon, a person must maintain a predominant physical presence in Oregon for 12 consecutive months after moving to the state.

2. **A financially independent person** denotes a person who has not been and will not be claimed as an exemption and has not received and will not receive financial assistance in cash or in kind of an amount equal to or greater than that which would qualify him or her to be claimed as an exemption for federal income tax purposes by another person except his or her spouse for the current calendar year and for the calendar year immediately prior to the year in which application is made.

3. **A financially dependent person** is a person who, at the time of application for residency status: (a) declares himself or herself to be financially dependent; and (b) has been claimed as a dependent on the federal and state income tax returns of another person during the immediately preceding tax year.
580-010-0030
Determination of Residence

(1) For purposes of admission and instruction fee assessment, OSSHE OUS institutions shall classify a student as Oregon resident or nonresident. In determining resident or nonresident classification, the primary issue is one of a person’s intent in coming to Oregon. Intent is inferred from a person’s conduct and history as they relate to the requirements of these residency rules. If a person is in Oregon primarily for the purpose of obtaining an education, that person will be considered a nonresident. For example, it may be It is possible for an individual to qualify as a resident of Oregon for purposes of voting or obtaining an Oregon driver’s license and not meet the residency requirements established by these rules.

(2) An Oregon resident is a financially independent person who, immediately prior to the term for which Oregon resident classification is requested: (a) has both: (a) established and maintained a domicile in Oregon as provided under OAR 580-010-0029(1) of not less than 12 consecutive months; and (b) during that period, has been primarily engaged in activities other than those of being a college student.

(A) A student may be considered primarily engaged in educational activities regardless of the number of hours for which the student is enrolled. However, a student who is enrolled for more than 8 hours per in any semester or quarter during the 12-month period referred to in section (2) of this rule shall be presumed to be in Oregon for primarily educational purposes. (B) Such period of enrollment shall not be counted toward the establishment of a bona fide domicile of one year 12 consecutive months in this state unless the student proves, in fact, establishment of a bona fide domicile in this state primarily for purposes other than educational.

(3) An Oregon resident is also a person who is dependent on a parent or legal custodian who meets the Oregon residency requirements of these rules financially dependent person who is claimed as a dependent by another person who has both: (a) established and maintained an Oregon domicile as provided under OAR 580-010-0029(1) for 12 consecutive months; and (b) during that period, has been primarily engaged in activities other than those of being a college student.

(4) A financially dependent person who is claimed as a dependent by another person who has not established and maintained an Oregon domicile shall be presumed to be a non-resident. This presumption may be overcome by evidence of the student’s long-standing presence in Oregon and demonstration of other factors under OAR 580-010-0031.

(5) The criteria for determining Oregon resident classification shall also be used to determine whether a person who has moved from Oregon has established a non-Oregon residence.

(6) If institution records show that the residence of a person or the person’s legal custodian upon whom the person student or the person upon whom the student is dependent is outside of Oregon, the person student shall continue to be classified as a nonresident until entitlement to resident classification is shown. The burden of showing that the residence classification should be changed is on the person student requesting the change.
(8) Notwithstanding section (4) of this rule, a student who is financially dependent on a non-Oregon resident may nonetheless be considered an Oregon resident if the student resides in Oregon for at least 12 consecutive months with a parent or legal guardian who has both: (a) established and maintained an Oregon domicile under OAR 580-010-0029(1) for 12 consecutive months; and (b) during that period, has been primarily engaged in activities other than those of being a college student.

580-010-0031
Residency Consideration Factors
(1) The following factors, although not necessarily conclusive or exclusive, have probative value in support of a claim for Oregon resident classification:
(a) Be primarily engaged in activities other than those of a student and Reside in Oregon for 12 consecutive months immediately prior to the beginning of the term for which resident classification is sought and during that period be primarily engaged in activities other than those of a college student;
(b) Reliance upon Oregon resources for financial support;
(c) Domicile in Oregon of persons legally responsible for the student;
(d) Acceptance of an offer of permanent employment in Oregon; and
(e) Ownership by the person of his or her living quarters in Oregon.
(2) The following factors, standing alone, do not constitute sufficient evidence to effect classification as an Oregon resident:
(a) Voting or registration to vote;
(b) Employment in any position normally filled by a student;
(c) The lease of living quarters;
(d) Admission to a licensed practicing profession in Oregon;
(e) Automobile registration;
(f) Public records, for example, birth and marriage records, Oregon driver’s license;
(g) Continuous presence in Oregon during periods when not enrolled in school;
(h) Ownership of property in Oregon or the payment of Oregon income or other Oregon taxes; or
(i) Domicile in Oregon of the student’s spouse.
(3) Reliance upon non-Oregon resources for financial support is an inference of residency in another state.
(4) The resident classification of a dependent person shall be that of his or her parents or legal custodians, or, in case of divorce or other similar circumstances, the parent or legal custodian upon whom the person is financially dependent, unless the dependent has been in Oregon with the other parent or a legal custodian and established Oregon residency under these rules 12 months prior to the term for which Oregon resident classification is requested.

580-010-0033
Evidence of Financial Dependency
(1) In determining whether a student is financially dependent, and whether his or her parent or legal custodian has maintained a bona fide domicile in Oregon for one year, a student must provide:
(a) Legal proof of custodianship; (b) Evidence of established domicile as provided under OAR 580-010-0029(1) of parent or legal custodian; the person claiming the student as a dependent; (c) and (b) The identification of the student as a dependent on the federal and state income tax returns of the person claiming the student as a dependent. Additional documentation to substantiate dependency during the current calendar year may be required at a later time if deemed necessary by the institution.

(2) A student who provides evidence that he or she is a financially dependent person under these rules dependent of a parent or legal custodian who has maintained a one-year domicile in Oregon shall not be required to establish a one-year 12-month domicile prior to classification of resident status, provided such a student may not be classified as a resident while receiving financial assistance from another state or state agency for educational purposes.

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, active 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 within a reasonable time, demonstrate an intent to retain classification as an Oregon resident. Such intent may be shown by returning to Oregon within six months after completing service in the armed forces.
(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.

580-010-0037
Residence Classification of Members of Oregon Tribes

(1) Students who are enrolled members of federally recognized tribes of Oregon or who are enrolled members of a Native American tribe which had traditional and customary tribal boundaries that included parts of the state of Oregon or which had ceded or reserved lands within the state of Oregon shall be assessed resident tuition regardless of their state of residence.

(2) For purposes of this rule, the federally recognized tribes of Oregon are:
(a) Burns Paiute Tribe;
(b) Confederated Tribes of Coos, Lower Umpqua and Siuslaw;
(c) Confederated Tribes of Grand Ronde Community of Oregon;
(d) Confederated Tribes of Siletz Indians of Oregon;
(e) Confederated Tribes of the Umatilla Indian Reservation;
(f) Confederated Tribes of the Warm Springs Indian Reservation;
(g) Coquille Indian Tribe;
(h) Cow Creek Band of Umpqua Indians;
(i) Klamath Tribes.

(3) For purposes of this rule, the Native American tribes which had traditional and customary tribal boundaries that included parts of the state of Oregon or which had ceded or reserved lands within the state of Oregon are:
(a) CALIFORNIA:
(A) Benton Paiute Tribe;
(B) Big Bend Rancheria;
(C) Big Lagoon Rancheria;
(D) Blue Lake Rancheria;
(E) Bridgeport Indian Colony;
(F) Cedarville Rancheria;
(G) Fort Bidwell Indian Tribe;
(H) Hoopa Valley Tribe;
(I) Karuk Tribe of California;
(J) Likely Rancheria;
(K) Lookout Rancheria;
(L) Lytton Rancheria;
(M) Melochundum Band of Tolowa Indians;
(N) Montgomery Creek Rancheria;
(O) Pit River Tribe;
(P) Quartz Valley Indian Community;
(Q) Redding Rancheria;
(R) Roaring Creek Rancheria;
(S) Smith River Rancheria;
(T) Susanville Rancheria;
(U) Tolowa-Tututni Tribe;
(V) Winnemucca Colony;
(W) XL Ranch;
(X) Yurok Tribe.
(b) IDAHO:
(A) Nez Perce Tribe of Idaho;
(B) Shoshoni-Bannock Tribes.
(c) NEVADA:
(A) Duck Valley Shoshone-Paiute Tribes;
(B) Fallon Paiute-Shoshone Tribe;
(C) Fort McDermitt Paiute-Shoshone Tribe;
(D) Lovelock Paiute Tribe;
(E) Pyramid Lake Paiute Tribe;
(F) Reno-Sparks Indian Colony;
(G) Summit Lake Paiute Tribe;
(H) Walker River Paiute Tribe;
(I) Winnemucca Indian Colony;
(J) Yerington Paiute Tribe.
(d) OKLAHOMA: Modoc Tribe of Oklahoma.
(e) WASHINGTON:
(A) Chehalis Community Council;
(B) Colville Confederated Tribes;
(C) Quinault Indian Nation;
(D) Shoalwater Bay Tribe;
(E) Yakama Indian Nation.
(4) A student seeking to be assessed resident tuition under the provisions of this rule shall submit, following procedures prescribed by the OUS institution where the student seeks to enroll, a photocopy of tribal enrollment which documents tribal membership.

580-010-0040
Residence Classification of Aliens Non-Citizens
(1) An alien holding an A, E, G, H, I, K, L, N, R, NATO, TC, TN or TD visa, or granted refugee or political asylum, Family Unity or Voluntary Departure in Lieu of Family Unity status or otherwise admitted for permanent residence in the United States is eligible to be considered an Oregon resident if OAR 580-010-0030 is otherwise satisfied. The date of receipt of the immigrant visa the date of approval of political asylum or refugee status, or the date of approval of lawful permanent residence, whichever is earlier, shall be the date upon which the 12 months and other residency requirements under OAR 580-010-0030 shall begin to accrue.
(2) Notwithstanding any other rule, an alien possessing a nonimmigrant or temporary, e.g., B, C, D, F, J or M visa cannot be classified as a resident.
A person who is not a citizen of the United States may be considered an Oregon resident if the person qualifies as a resident under OAR 580-010-0030 and is one of the following:
(1) A lawful permanent resident. The date of approval of lawful permanent residency shall be the earliest date upon which the 12-month residency requirements under OAR 580-010-0030 may begin to accrue.
(2) An immigrant granted refugee or political asylum in the United States. The date of approval of political asylum or refugee status shall be the earliest date upon which the 12-month residency requirements under OAR 580-010-0030 may begin to accrue.
(3) A person holding one of the following non-immigrant visa classifications: A, E, G, H-1B, H-1C, the spouse or child of a person holding an H-1B or H-1C visa, I, K, L, NATO, O, R, S, T, TN, U, or V. The date of the issuance of a visa for one of these classifications shall be the earliest date upon which the 12-month residency requirements under OAR 580-010-0030 may begin to accrue. A person possessing a non-immigrant or temporary visa that is not identified under this rule shall not be considered an Oregon resident.

580-010-0041
Changes in Residence Classification
(1) If an Oregon resident student enrolls in an institution outside of Oregon and later seeks to re-enroll in an OSSHE institution, the residence classification of that student shall be re-examined and determined on the same basis as for any other person.
(2) A person whose nonresident legal custodian is a financially dependent student who is dependent on a person who establishes a permanent Oregon residence as defined in OAR 580-010-0030(2) during a term when the dependent student is enrolled at an OSSHE institution may register as a resident at the beginning of the next term.
(3) Once established, classification as a resident continues so long as the student remains in continuous academic year enrollment in the classifying institution.
(4) A person who seeks classification as a resident under these rules shall complete and submit a notarized Residence Information Affidavit. The affidavit and all required supportive documents and materials must be submitted by the last day to register for the term in which resident status is sought.
(5) No OSSHE institution is bound by any determination of residency except by duly authorized officials under procedures prescribed by these rules including timely submittal of the notarized affidavit.

580-010-0045
Review of Residence Classification Decisions by IRC
(1) An interinstitutional residency committee (IRC) is established consisting of the officers determining student residence classification at OSSHE institutions and a member of the Chancellor's staff appointed by the Chancellor. The member of the Chancellor's staff shall serve as chairperson. A majority of the members of the Committee shall constitute a quorum. A majority of a quorum may make decisions.
(2) Residence cases of unusual complexity, especially where there may be conflict of rules, may be referred by an institution residence classification officer to the IRC for decision.
(3) Any person who is aggrieved by the institution residence classification may, within ten days of the date of mailing or other service of classification decision, appeal the classification to the IRC. **The appeal must be in writing and shall be filed with the institution.** An aggrieved person may supply written statements to the IRC for consideration in reviewing the case and may also make an oral presentation to the IRC **on a date to be scheduled by the IRC.** The decision of the IRC shall be final unless appealed.

(4) A person dissatisfied with the IRC decision may, within ten days of the date of the mailing or other service of the IRC decision, appeal the IRC decision to Vice Chancellor for Academic Affairs or designee. An appeal to the vice chancellor shall be in writing only. The vice chancellor's decision shall be final.

(5) A person granted a meritorious hardship exception to residency under this rule prior to July 1, 1990, shall not lose the exception solely because of the repeal of the exception authorization.

**Staff Recommendation to the Board**

Staff recommended the Board amend OARs 580-010-0029, 580-010-0030, 580-010-0031, 580-010-0033, 580-010-0035, 580-010-0037, 580-010-0040, 580-010-0041, and 580-010-0045, as described above, to be effective upon filing with the Secretary of State.

**BOARD DISCUSSION AND ACTION:**

General Counsel Rawlins explained that the item included updates and modifications to the rules affecting the determination of in-state residency for tuition purposes. “The first caution and reminder is that the entire set of rules has been reproduced for you. The changes have been noted and exist in two primary areas,“ he explained. “First, there is a proposal to you to add the Yurok Tribe of Oregon to the list of Native American tribal members who are accorded in-state tuition. We currently have regulations that permit the granting of in-state tuition for Native American tribes that have traditional and customary tribal boundaries that included parts of the state of Oregon and which have ceded or reserved lands within the state of Oregon. The original list did not include the Yurok Tribe,” Mr. Rawlins highlighted. He indicated that OUS has received a request from that tribe; they presented documentation that has been reviewed by staff; and staff recommended inclusion of that tribe on the list so that they would be accorded benefits similar to other tribal associations of Native Americans.

Secondly, Mr. Rawlins highlighted, the item included an updating of the list regarding the residence classifications for individuals who have visas or alien classification. Traditionally, Oregon and other states look at whether and how they accord in-state status to individuals who are permitted in this country for varying periods of time. The item before the Board is an updating of the lists to make them consistent with the federal regulations.
Director Barnett asked if the rule changes had been noticed to the public and if there had been a public comment period. Mr. Rawlins assured the Board that this had been provided when the rule was approved as temporary. No comment has been received.

Referring back to the Oregon Student Association presentation earlier in the meeting, Director Barnett asked for clarification of the relevance of the current item to the issue of in-state tuition for undocumented students. Mr. Rawlins indicated that that was a separate set of concerns outside of the scope of the rules currently before the Board.

Continuing the line of questioning, Director Barnett asked for a brief explanation of the current rules on that issue. “Currently, in order to be entitled to in-state residency you must be in the state or entitled to legally be in the state,” Mr. Rawlins said. “Within the state of Oregon, and nationally, they have drawn an argument that there are classes of persons that are undocumented aliens who, based on equity and fairness, should be accorded that same status. In Oregon, we have looked at that, but the legislature has also chosen to debate that issue, as has the federal Congress. So, while these rules do not address that, the System is receptive to arguments to that effect. I would project that the System’s proposals will be in concert with what the Oregon Legislature, as well as the federal Congress, might do in that regard,” Mr. Rawlins concluded.

Director Pilliod asked, if the Board wanted to prioritize this topic for the next meeting, does it have the authority to change its own rules in this regard? Mr. Rawlins replied in the affirmative. “This Board would have the option of expressing its own views, directing staff to draft rules that would accomplish the request. Staff would then go through the same process as you have before you, considering the timing, have the option of a temporary rule, then allow for public comment on it, and consideration back for the Board,” he explained.

Chair Barnett suggested that between now and the next meeting, recognizing in part that there’s an important transition going on, it might be useful to have some off-line conversations with Director Pilliod and Mr. Rawlins. He also suggested that the OSA representatives be included as well, and perhaps some legislative staff. Director Pilliod also urged that OSOCC be involved in the conversation as well.

Ms. Candace Staples requested an opportunity to address the Board and presented the following statement.

“My name is Candace Staples and I am a student here at Portland State University. I am the communications officer for the Oregon Students of Color Coalition. I’d like to send greetings and thank you to President Lussier, Chancellor Jarvis, and to all of the Board members for giving me the opportunity to talk with all of you today.

“I quickly want to touch on the issue of in-state tuition for undocumented students. Undocumented students that will qualify for residency under a rule change deserve the opportunity to attend an Oregon university. This population of students either graduated from an Oregon high school or is currently enrolled in an Oregon community college but
is denied the opportunity to receive a four-year degree. Undocumented students in the state of Oregon receive primary and secondary education, but are not allowed to continue on. Students simply cannot afford the $12,000 difference between in-state and out-of-state tuition. I ask that this Board have a discussion about how to ensure that each student in an Oregon classroom has the same opportunity to attend college. And I would like to conclude by saying this is not an issue of politics but, instead, an issue of access. Thank you for your time.”

It was moved by Director Wustenberg and seconded by Director Lehmann that the Board approve the staff recommendation. On roll call the following voted yes: Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, VanLuvanee, Wustenberg, and Lussier. Those voting no: none. Motion passed.

Consent Items

a. PSU, B.A./B.S., Black Studies

DOCKET ITEM:

Portland State University proposed to offer an instructional program leading to the baccalaureate degree in Black Studies, effective immediately. PSU currently offers a post-baccalaureate certificate and undergraduate minor in Black Studies.

The proposed program will, through scholarly examination, teach students about the economic, social, historical, technological, cultural, and political factors that form and transform Black experiences in Africa and the Western hemisphere. Students will be required to complete 20 lower-division credits; and 40 upper-division credits, which include 16 to 24 credits in an area of specialization (i.e., African, African-American, or Caribbean); 12 core credits in research/theory, senior seminar, and practicum; and 12 advisor-approved elective credits outside the student’s area of specialization.

Two Portland-based PSU courses provide students the opportunity for involvement in community activities that have an international focus. In PSU’s Global Portland course, university students tutor Somali children in public schools. These experiences expose students to the values, cultural mores and conflicts, and experiences as immigrants and refugees in this country. By learning about Somalis, students can reflect on their own culture, upbringing, and social and political framework, as well as develop understanding and compassion for people from another country and culture.

PSU’s African Outreach course explores leadership development within Portland’s African immigrant and refugee communities. The focus of this course is on community-based learning; discovery of, and interaction with, immigrant and refugee communities; development of cross-cultural communication skills; and understanding of leadership development. The course includes review of relevant community-development literature.
Students will have the opportunity to participate in study-abroad experiences through PSU’s Caribbean Overseas and African Overseas programs. In the Caribbean Overseas program, students work closely with cultural, academic, and government institutions and communities to gain first-hand experience in basic techniques of investigation, interaction, and problem solving. Field-based projects have focused on archaeology, international and community health, culture, oral history, politics, and literary and performance arts.

The African Overseas program allows students to start their projects in Portland and, subsequently, develop them in a selected African country. Projects include development of cultural-resource management and community educational-development programs, ethnographic and oral interviews, and participation in ongoing archeological excavation and laboratory analysis. Students in the program either stay with local students or in individual homes. After orientation and some initial core program activities, students are placed in internships with professors, researchers, museum staff, chiefs, and/or traditional elders. Supervised individual mini field-research assignments are required from each student.

Oregon State University and the University of Oregon both offer baccalaureate degrees in Ethnic Studies. The primary focus of both programs is on Americans of African, Asian, Latino, and Native American descent. PSU’s program is broader in focus to include the Caribbean and non-Americans, and is narrower in that Asian, Latino, and Native American studies are not included. Black Studies (African and African-American) programs have come of age in American higher education in the past 30 years, particularly at the undergraduate level, with more than 250 programs sponsoring research in the field and offering a degree or a minor (Black Issues in Higher Education, October 2003).

In domestic and international arenas, racially and culturally diverse populations are an established reality and a future certainty. The globalization of business, travel, and communication expects people to function with others from diverse backgrounds and cultures. The opportunity for students to experience the intellectual and personal growth through this program will also help counteract the effects of ethnocentric and cultural isolation experienced by many Oregon students. In addition, the program responds to student demand and PSU’s strategic objectives.

Graduates of this program will have a competitive edge in entering careers in areas and communities that interact with African, African-American, and Caribbean cultures. Students will also be well prepared for graduate school in a variety of disciplines (e.g., sociology, history, anthropology, social work, education). PSU anticipates graduating an average of 10 students per year, growing to 25 graduates within five years.

All core courses will be taught by four regular faculty in the Department of Black Studies. Fifteen faculty from eight other PSU departments will augment the program’s course offerings (e.g., linguistics, political science, foreign languages, geography,
history, sociology), and adjunct instructors will offer targeted coursework to round out
the curriculum (e.g., Caribbean archaeology, African urban development). No additional
faculty are needed to implement the program. All other staff, facilities, equipment, and
research resources are sufficient to support the program.

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

Staff Recommendation to the Board
Staff recommended that the Board authorize Portland State University to establish a
program leading to the B.A./B.S. in Black Studies. The program would be effective
immediately, and the OUS Office of Academic Affairs would conduct a follow-up review
in the 2009-10 academic year.

b. UO, Graduate Certificate, Museum Studies

DOCKET ITEM:

The University of Oregon proposed to offer an instructional program leading to a
graduate certificate in Museum Studies, effective immediately. UO currently offers a
concentration in Museum Studies in its master’s in Arts Management. The proposed
certificate requires 14 credits beyond the concentration. The University of Washington is
the only other institution in the Pacific Northwest to offer a museum studies graduate
certificate. However, it does not provide the cross-disciplinary education proposed by
UO.

In the proposed program, the course of study will be tailored to strengthen the area of
museum work the student intends to pursue. Areas of specialization include curation,
programming, exhibition design, registration, or development. Students will complete
28 credits: 11 to 12 credits in core coursework (anthropology museum or museology,
museum education, and nonprofit-management); nine to ten elective credits (e.g., the
arts, arts administration, museum management, cultural resource management, grant
writing, public and nonprofit financial management); and 6 internship credits (200 clock-
hour minimum) in an off-campus museum.

The internship site selected will further the student’s professional and academic goals.
Students in the Arts Management program have already been placed in national and
international museums. Faculty associated with the certificate will continue to cultivate
additional placement sites, such as with the new Asian Arts Museum in San Francisco.

The United States has thousands of museums. The Northwest has over 400 museums,
and the Portland Art Museum alone recently had 80 full-time employees. Job openings
listed in the monthly newsletter of the American Association of Museums increasingly
require graduate degrees and/or certification in museum studies. Students with this
certificate will be able to apply practical and theoretical museum management strategies
in small to large, community to national, public, or private museums.
Initially, only UO graduate students will be admitted to the program. After a few years, the program may be broadened to include professional museum personnel. Over the first five-year period, UO anticipates awarding a total of 25 certificates.

No new courses are needed for this program. All faculty, staff, equipment, facilities, and resources are in place to offer the proposed program.

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

**Staff Recommendation to the Board**

Staff recommended that the Board authorize the University of Oregon to establish a program leading to a graduate certificate in Museum Studies. The program would be effective immediately, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2009-10 academic year.

**BOARD DISCUSSION AND ACTION:**

A motion was made by Chair Barnett to approve the B.A./B.S., Black Studies at PSU and the Graduate Certificate, Museum Studies at the UO. Those voting in favor of the motion: Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, VanLuvanee, Wustenberg, and Lussier. Those voting no: none. Motion passed.

**Report Item**

**a. Institution Goals and Performance Targets for 2003-04**

**DOCKET ITEM:**

As part of the annual Performance Review Process, which was revised in July 2003, the Board will review with each president the institution's targets for the OUS key performance indicators (KPI) at a regular meeting in the fall of each year. The institutional reports to be considered by the Board at this meeting focus on recalibrating interim targets for 2003-04 and 2004-05 and setting five-year targets for 2007-08. The Performance Review Process also includes an annual report of performance results against targets to the Board at its regular meeting in July of each year.

**Background**

OUS began conceptualizing a performance measurement system in response to the legislative mandate in 1997 to adopt performance measures and indicators for the four broad goals adopted by the Board of Higher Education in January 1997. These four goals are access, quality, employability, and effectiveness. In the following years, the practical problems of designing a performance measurement system were considered and deliberated by the Board, Chancellor, and institution presidents and vice presidents in numerous public forums including meetings of the Board, Presidents Council, Academic Council, and Administrative Council. Performance measurement had to be
acceptable to legislators, the Board, and educators alike. The advice was to build the OUS performance measurement system upon existing undergraduate assessment and data-reporting systems. The challenge was, and continues to be, integrating performance measurement with (what was then) the new Resource Allocation Model, funding priorities, and strategic plans for the System and institutions.

The OUS performance measurement system encompasses several processes:

- Using the broad goals to guide the selection of measures and indicators;
- Adopting key performance indicators (KPIs) for institutional attainment of these goals;
- Selecting KPIs that campuses share in common to permit data aggregation and reports for System-level accountability to external audiences;
- Requiring each campus to select performance measures that reflect the unique vision, strategic directions, and critical features of an institution;
- Setting targets for improving performance that recognizes mission differentiation, performance baseline trends, focused improvement efforts, and performance of peer institutions;
- Representing targets in a range to reflect sustaining current growth or accelerating growth (i.e., low and high targets);
- Recognizing an institution’s responsibility for designing and implementing improvement efforts and the Board’s responsibility to hold institutions accountable for results;
- Phasing in the number of KPIs requiring improvement targets;
- Identifying sources of data and collecting data for each KPI to ensure consistency and reliability;
- Communicating performance results to various audiences;
- Adjusting or changing future targets based on an evaluation process and understanding of limitations and constraints; and
- Reviewing institution goals and targets with the Board and Chancellor every year.

The Board wanted to structure a conversation around the targets to gain a better understanding about the key drivers for success and the risks to achieving success for each institution. For each institution, the supplementary materials include a President’s Statement, Target Summary, and Target Detail for the five common KPIs (of the 12 KPIs) and two mission-specific indicators for each institution. The presidents addressed these targets as well as other institution goals critical to attaining the vision and strategic directions articulated for each campus. (See Board materials for November 2003 http://www.ous.edu/board/dockets/ddoc031121.pdf page 46 for further institutional details)

BOARD DISCUSSION AND ACTION:

Ms. Susan Weeks, Deputy for Planning reminded the Board that in July 2003 it was proposed that the annual performance measurement process be revised to permit a separate institutional performance target setting process in the fall of each year, reported to the Board by presidents as part of an overall presentation on institution
goals for this academic year. In the next several months, data will be developed for the 12 key performance indicators, culminating in a report to the Board in July 2004 of the results of the data analysis. She pointed out that the docket contained the detailed performance target reports for each institution, along with each president’s statement about both the targets and other institutional goals not necessarily directly related to those targets and performance indicators. “These reports focus on recalibrating the short-term targets for 2003-04 and 2004-05, and setting longer-term five-year targets for 2007-08. The purpose of the presentation was to provide an opportunity for each president to briefly comment on the targets and other goals for their institution and to permit the Board to raise questions or offer suggestions that will help guide the remainder of the process for this year,” Ms. Weeks explained.

President Lund of EOU indicated that her comments would reflect the current environment at Eastern, and the number one goal to maintain quality programs, quality faculty, and quality staff, “so that students who come to Eastern, whether in a residential sense or through distance education, receive the best possible education that we’re able to provide for them,” she explained. EOU is pleased that “the performance indicators are showing that our students are extremely satisfied with the quality of the degrees that they received.” She pointed out that the admission standards have increased over the years and that has had some effect on enrollment growth, as has the increase in tuition. “We’re engaged right now in a process that we’ve chosen as a leadership team at Eastern of being very inclusive in our budget discussions with students and with faculty. We’re using a common set of documents that are honest and clearly demonstrate that we are projecting deficits at the end of this fiscal year, as well as at the end of the 2004-05.”

President Lund commented that EOU is moving toward a comprehensive review of the majors and the minors and other associated student service programs. They are working toward making a decision in December or at the latest in January, about which programs, and related personnel, will not be available in 2004-05 or beyond. They are trying to assure that students are protected so that they have the opportunity to complete the programs that they’ve started.

Chair Barnett observed that the targets contained a low target and high target and, at times, there’s a fairly significant spread between the two. “My question is,” Chair Barnett said, “how do you know if you’re meeting your target? If you have two targets and a good distance between them, it seems to me that as an instrument it loses some of its effectiveness. My question isn’t so much how is one target set, rather, it is that this instrument creates a range instead of a clear goal which would be one data point at which we are shooting.”

Dr. Nancy Goldschmidt explained that the low target is set from an assumption that campuses will be continuing their incremental improvement at the rate they’re progressing. The high targets are set to accelerate improvement in the likely event that environmental conditions were such that the rate of improvement could be doubled, or that the improvement would be geared against what peers are doing. “For the most part,
what you have now is a lot of emphasis on attaining the low targets. This is related to the notion of benchmarking and wanting each of the campuses to be able to improve their future performance against their own past performance, so you see a lot of variety in what each campus’ goals are,” Ms. Goldschmidt explained. It was highlighted that, if there were a situation where there were additional resources and different strategic priorities, there would be an opportunity to achieve the higher targets.

Director Lehmann questioned how quality was being measured, since the Board had determined that was of high priority. “So the graduates themselves are telling us whether they are satisfied with the experience and that’s important,” Director Lehmann pointed out. “But it seems like we should be able to do better than that. Also, I worry about the tension between quality and the ‘more is better’ phenomenon that we get into—things like enrollment and how many degrees we’re delivering in a given field.”

It was pointed out that since the beginning of the use of performance indicators, survey results indicate a high level of customer satisfaction. Dr. Goldschmidt remarked that “if you look at any of the work that’s done in measuring performance, the views of customers (students, employers) and their rating of the quality of the services they’ve received is important—it’s not the only concern, but it’s one factor among many.”

Ms. Weeks added that as the System is looking at the 12 key performance indicators, there is a subset that the Board has discussed in the past several months as key indicators related to quality measures (e.g., graduation rates, persistence, research funding, philanthropic support, as well as graduates’ satisfaction). These are broad level quality-related indicators at the System level. “In addition, what we’re looking at and what is included in the packet, is the policy goals matrix that was introduced and discussed briefly last month. In the column under ‘institution,’ there is reference to a set of indicators that are unique to each institution. They are developed by each institution in response to examining management at the institution level. They should track with the broader System-level indicators but there is more of a layered approach to looking at quality and having measures of quality that attempt to delineate the proper role for the System and the proper role for an institution,” Ms. Weeks explained.

Director Lorenzen observed that, although it is definitely a different set of circumstances, when he goes to buy a car he often goes to the Consumer’s Report to see how the actual consumers are rating their car (for example do they rate it great or mediocre?) whatever it might be. “It seems like one way to get a handle on quality indicators within higher education would be to do a similar thing, but have some type of survey of the students themselves as to how they view the quality of the education they’re receiving while they’re going through—not their satisfaction once they graduate. You could have this as a sampling of the courses and so on. I think that would provide a very useful tool in analyzing what’s happening on campus,” he concluded.

Continuing the conversation, Director Lorenzen asked President Lund what key factors account for the drop out rate between the freshman and sophomore year at Eastern.
“One factor that contributes to the drop out rate,” President Lund responded, “is that EOU draws from a group of families that are producing first-generation college students and, in many cases, there hasn’t been much family support for those students to go to college in the first place. Sometimes, they qualify for just enough financial aid, but usually in the form of loans, and it becomes a financial issue for them, also. On the positive side, though, our retention is going up and that is encouraging. The other thing that has occurred is that the cap on those students who do not meet the 14-hour subject area requirements and 3.0 GPA from high school has been dropping and that is improving our retention. Students are coming better prepared,” she concluded.

President Dow from OIT indicated that one of their institution’s special performance indicators is the graduation or completion rate in six years and the other is women in engineering. She observed that both of these were chosen knowing that was risky since they are aware of how difficult achievement in these areas is difficult. She expressed her gratitude for the opportunity to do trending in these areas.

Dr. Dow pointed out that their trends are going in the right direction. It will require partnerships to grow the number of women in engineering. Some of their plans are to specifically target the pre-college programs in engineering and computer science, she highlighted. Teen Women in Science and Technology, is one of their specific efforts. OIT recently received a grant that allowed them to “grow” their own faculty. “We took bachelor’s graduates from our engineering programs and had them back on campus. They don’t have master’s degrees yet, but we were using them in our laboratories and they were mentoring our female engineering students,” she explained.

OIT is also trying to benchmark with their peers; however, they are planning to reanalyze the list of peers to ensure the correctness of the list. OIT’s graduation rates in six years have been about 41 percent. At first they thought that average was disappointingly low. However, “when we compare ourselves to some of our peers, it is more the medium,” Dr. Dow explained. “Yet, we know that has to improve. We’re going to make some curricular adjustments around that because we think, in some cases, we have rigorous programs and no duplication of sequencing. So, if students get out of sequence in some of these courses, there is no way to recover in an immediate way,” she observed. In addition, OIT is concerned about the preparation of students who enter the institution, specifically in the areas of math. The areas of research and economic development are primary goals and they plan to measure them through their centers of excellence in renewable energy and the health professions. “We want to double the number of graduates coming out in the health professions to meet the economic workforce need. In renewable energy, we feel that this state has an opportunity to be a model in energy usage. We’re planning on enhancing our philanthropy and research opportunities in those two areas,” Dr. Dow concluded.

President Ray shared with the Board that one of the messages OSU will share through their strategic plan is that “we honestly believe our graduates are the most important contribution that we make to all of our futures. And, if that is the case, then job one is to retain and graduate students.” To support this belief, OSU’s goal is to improve first year
retention and beyond and to graduate students. There is also a concern about access and affordability issues. “In our strategic plan, we talk about the ways in which we have to diversify our revenue base and grow elements of the revenue base that we have beyond simply looking at tuition,” President Ray continued. He expressed concern that tuition not be the first, but rather the last, instrument of choice for dealing with declining state funding and that means that they have to be more effective and aggressive in growing other sources of revenue and do a better job of managing current resources.

Building a more diverse student base is another area of focus for OSU. “On the diversity action plan side,” President Ray explained, “we also need to develop metrics to calibrate the extent to which we are succeeding and advancing, not just diversity in terms of numbers, but really building a diverse community.” He explained that OSU is planning to have an annual report card that would be made available that would indicate where they are succeeding and where changes need to be made. President Ray concluded by indicating that caution should be used in putting too much weight on pure numbers.

President Bernstine began by indicating that Portland State University, as they look forward in examining their performance indicators, would be looking at them through the changing demographics and changing nature of the institution. This past year, PSU experienced another year of significant growth but, he indicated, “in the future, we hope to be much more intentional about growth.” The campus is focusing much more on nonresident and international students for some very significant reasons. “One thing is that it enriches our overall campus life. But from a purely business perspective, they pay out-of-state tuition and that allows us to subsidize some of the non-funded Oregon students that are part of our access goals.”

PSU also has specific plans to grow their external research funding. “Again,” President Bernstine underscored, “it is a reflection of the kind of changing nature of what we are as an institution. In other words, we’re not just a commuter campus anymore but we are becoming a major research university. PSU’s undergraduate program and the notoriety that it has received in US News and other circles has done a lot to increase the interest of entering freshmen, not only our place-bound students, but students from around the country,” President Bernstine reported. The retention rates are improving and employer satisfaction is still high.

President Zinser indicated that it was important to use a mosaic of measures when making a determination of how well institutions are doing. She reported that Southern Oregon University is interested in being part of an organization where the peers are aspirational. Being a member of the Council on Public Liberal Arts Colleges, where there are a number of institutions in that portfolio of 20 that are ahead of SOU in some regards, according to President Zinser, “where we are willing to expose our weaknesses and use them as a means of getting better, is very constructive.”

With regard specifically to SOU’s developments, President Zinser indicated there were two endeavors underway. One is a curriculum reform discussion intended to look at
SOU's core curriculum again after ten years, and improve upon that and try to develop more effective measures of assessing the quality of what students are gaining when they enter and leave the University. "The other is a strategic initiative process that Provost Potter has put in place to take us beyond our definition of mission, vision, and goals into a very thoughtful, reflective, and, I might add, competitive process on our campus." SOU is proud of some improvements in diversity. For a number of years they have had programs to serve youth as part of trying to encourage the Native American and Latino/Hispanic youth to think of themselves as future college students. There are beginning to be some real payoff, in terms of those students going on to college in a variety of places as well as Southern Oregon University. “So, whereas our enrollments are up about 1.6 percent overall, we have about a 7 percent increase in all categories in our minority populations," President Zinser observed.

The first indicator reported by President Frohnmayer for the University of Oregon related to freshman persistence and retention where they have seen significant improvement in the last five years. This is related to two things, President Frohnmayer pointed out. “First of all, the increased admission requirements that we’ve gradually had at the University of Oregon, means that we have a more serious student coming—they pay more serious attention to their studies; and I think this is reflected in higher persistence. The second is, you must engage freshmen in the first six months of their experience at the university in a serious way.” The programs the UO has initiated show that programming student life and academic programs and engaging students with their education have something significant to do with freshman retention.

Relative to total degree production, President Frohnmayer indicated that the UO has a warning sign because it has not achieved consistent growth and that growth will likely level off. Further, the number of students graduating will be impacted by enrollment limitations and lack of state support. Graduate satisfaction and research and development are positive areas for the UO. “We’ve exceeded our target by more than 20 percent in the last several years. That's likely to slow a little bit, maybe even substantially, in view of the slowing growth of federal research dollars that are available,” the President observed. He pointed out that there is a serious risk of losing highly productive research faculty because of the lack of salary increases. Research and economic development is a positive note – the UO is at twice the forecasted level of the targets of 2001-02 and they have doubled technology transfer licenses.

President Conn reported that there were two areas in particular on which he wanted to concentrate. One of the items dealt with Western Oregon University’s six-year bachelor degree completion rate. “To put it simply,” President Conn said, “our graduation rates are unacceptably low. As a matter of fact, they have fluctuated between 30-40 percent during the past decade. We have many students who come to our school for two years, have an excellent experience, and then they choose to go on to another school. We do not view that as a failure. Quite the contrary, we welcome the fact that they go to a sister institution. If you want a degree, after a year or two of study in nursing or engineering or agriculture or physical or occupational therapy, as examples, you are obviously bound for a school in the Willamette Valley, a private school, or out-of-state.”
He continued by indicating that the way data are analyzed is extremely important. The primary programs at Western are the arts and sciences programs and teacher education. “So, in no way is it a failure when students transfer to major in some professional area because we do not have an array of professional programs,” President Conn emphasized. “I’m pleased that we are going to have better data to show where those students are going—are they finishing a degree? Have they put together over a number of years an educational track that makes sense in their individual cases? But, under any circumstance, we want our bachelor degree completion rates to be at least 45 percent within the next few years and indeed that is our stated goal.”

A related matter for WOU has to do with the emphasis being placed on ethnic diversity. “We are pleased that we have the highest percentage of Latino students, for example, in the System at just over 5 percent. Then, of course, we have other ethnic groups, underrepresented groups among our students as well. As you know, in the mid-Willamette Valley, the number of Latino families is growing rapidly and we hope to educate a significant number of those so we are working actively to recruit them. That is not enough because we are going to work hard to see that they are retained and certainly persist to that sophomore year,” Dr. Conn remarked.

Director Lehmann observed out that a great deal of what the institutions are measuring makes a direct contribution to the state’s economy and to potential economic recovery. “I think it would be great at some point if we could aggregate those things and present them as a package with, perhaps, some gap analysis about what contributions we could enhance if we had more resources,” she observed.

President Lussier added that, “when I first got on the Board, we developed this performance measure system. I think we had an agreement with the legislature that it was important to measure performance and that there would be some response from a financial support perspective if performances were increased. I think that’s gone away. We need to refocus on dashboards, on the kinds of things that Director Lehmann was talking about, and to encourage us to set our own targets—that sends the signal that we are in charge of our own future and that the aspirational targets really ought to be well above what our peer institutions are doing. I think one challenge with the performance measurement system is that we tend to create volumes of data where people get lost. To me the concept of dashboards really focuses on what we are doing for the economy, how we measure the kinds of things that are making sense to citizens, as well as the legislature, and then showing that progression of performance,” he concluded.
Discussion Items

a. President’s conversation with the Board: University of Oregon plans and initiatives

DOCKET ITEM:

President’s Conversation with the Board
November 21, 2003

Background Information
Dave Frohnmayer, President

Strategic Directions for the University of Oregon

The University of Oregon, after extensive internal review and discussion more than 18 months ago, promulgated a “Strategic Directions” document that clearly identifies the University’s priorities for the next several years. That document is attached as Attachment A.

The Strategic Directions—quality, access, the student experience, and research and economic development—are supported by the realization that we need to develop greater independence and flexibility, as well as greater financial resources, if we are to assure our progress.

Since that document was created, we have successfully moved forward on a number of the initiatives. For instance:

2. We implemented the program to provide a tuition discount for students taking off-peak hour classes. More than 3,000 students took advantage of that initiative, which gave them greater control over their costs and gave us greater flexibility and utilization of our space and resources.
3. We conducted an economic impact study that determined that during the 2000-01 academic year (we would expect all of these numbers to be higher if 2002-03 data were used) the UO:
   g. Contributed $10 to the Oregon economy for every $1 invested by the state;
   h. Provided graduates to the state who returned $1.60 in income tax revenue for every $1 the state invested in their education;
   i. Created 8,000 jobs throughout the state;
   j. Spent $109 million with 4,500 Oregon businesses;
   k. Brought $145 million in student spending on housing, groceries, entertainment, and other products into Oregon;
   l. Attracted $58 million in federal and private research grants ($78 million in 2002-03).

4. We announced that construction of a living, learning residence hall would begin next summer, not only to house 400 students but to provide classroom and interactive space to bring faculty and students together.

5. Our research and tech transfer efforts brought an increase in licensing income to $1.82 million in 2002-03 and produced 36 new inventions—a five-fold increase from just four years ago.

6. We worked with the Board, the University System, and the business community to obtain passage of Senate Bill 437 and to win legislative approval for the state’s investment in Multiscale Materials and Devices (MMD). That provided the single most significant success for higher education from the most recent legislative session.

7. We have made substantial progress in private fundraising to support scholarships, facilities, and academic programs.

The Strategic Directions document provides a framework and specific initiatives to guide our daily effort.

**Self Assessment of Financial Condition**

The UO competes with the top universities in the country for students, faculty, and grants—without the level of financial support enjoyed by most of our peer universities. This is a tremendous challenge. UO faculty salaries are low by almost any standard, yet we have successfully attracted and retained a truly outstanding faculty, with about 80 percent coming from the Association of American Universities’ (AAU) institutions. We have made major efforts to improve faculty salaries over the past five years, yet we again fell behind in 2001-02. The current salary freeze will further lower our position in 2004-05—probably to less than 80 percent of our peers. When salaries are compared between the OUS universities and their individual peer groups, UO faculty salaries trail the salaries of their peers by the largest percentage.
We absolutely must address this if we are to retain the best and brightest and most mobile of our faculty.

According to OUS' most recent data (FY 2000-01), our peer institutions received instructional E&G (Educational and General) funding in a 50/50 split from state appropriations and from tuition and fees. The UO received only 40 percent from the state, with 60 percent coming from tuition. The average revenue these schools had per student was about $17,000, while UO had only $11,735. UO’s funding per student, including tuition from non-resident students, is about two-thirds that of our peer universities. This means that our effective RAM percentage is only 65 percent. And it is falling. State support at UO as a percentage of E&G has dropped this year from 40 percent to 33 percent. While tuition has increased, it does not make up for state funding. Our total available revenue to teach each student actually has declined since 2000 by $900 to only $10,548. These are “actual dollars” without adjusting for inflation. If inflation is taken into account, the amount of tuition and General Fund that we have available per student has declined by $1,200 since 1999. Assuming the average of our peers held constant, the UO’s effective RAM percentage per student decreased to 61 percent in 2003, and will fall below 60 percent in 2005. This is an impending disaster for UO and the state.

The situation worsens if the income tax surcharge is repealed, costing OUS institutions at least $11 million. In addition, the legislature has embarked on an unprecedented tactic of subsidizing the state’s General Fund by transferring tuition dollars away from investing in quality education, which will result in an additional $14 million loss to the OUS. We do not know how we will manage the UO share of those revenue losses if those funds are not restored.

UO’s financial situation also depends on tuition income from nonresident, including international, students. These students bring diversity and enrich the educational experience. With these budget cuts, it becomes increasingly difficult to provide value for the tuition these students pay. If they do not choose UO, our financial situation will worsen, reducing quality, access, and affordability for Oregon students.

**Parameters of Change Through June 30, 2005**

**Enrollment Growth**

The UO intends to maintain an enrollment of 20,000 to 21,000. This represents about 29 percent of the OUS enrollment. The challenge will be to maintain the current mix of in-state, out-of-state, and international students. We may modestly increase our enrollment above the 21,000 number but we will begin to push the current capacity of the campus facilities. Increased admission standards will assist in managing enrollment while aiding in keeping Oregon’s best and brightest in the state.
The UO will continue to offer programs in Portland, through the Cascades Campus in Bend, and at the Oregon Institute of Marine Biology on the coast, as well as through distance education. Those initiatives may expand modestly.

In terms of degrees granted, the UO confers about 31 percent of the bachelor’s degrees and 32 percent of the graduate and professional degrees from the University System—more than any other Oregon university—while its share of OUS funds is about 18 percent.

Marketing strategies are focused on attracting out-of-state and international students in order to maintain the current mix and diversity and to provide additional revenue. Student retention has improved about 1 percent per year for the past six years and now is at 83 percent. Freshman retention surpasses the OUS forecasted target, particularly for Oregon students. Our aspiration is to reach 90 percent retention for Oregon residents. We are looking at possible tuition measures to aid in retaining out-of-state and international students.

**New Program Initiatives**

The University is working collaboratively with Oregon State University and Portland State University on the Multiscale Materials and Devices initiative, which received legislative funding this year.

The University has established a new major in Multi Media Design within the School of Architecture and Allied Arts.

Within the College of Arts and Sciences, new bachelor’s programs in Marine Biology and Medieval Studies are in progress, as well as a Professional Distinctions non-degree program. The college has also launched a Society of College Scholars. Other recently approved programs being implemented include bachelor’s degree programs in Ethnic Studies, Environmental Studies, and Judaic Studies, and a Ph.D. program in Environmental Science and Policy.

The School of Law now manages the state’s Conflict Resolution Program. This provides a service to the state that links to our academic curriculum in providing valuable experience to students.

AHA International, the leading provider of study abroad programs for several academic consortia including OUS, has joined UO. This adds to the University’s capacity for international exchange.

**Program Reductions/Consolidation – academic and administrative**

The UO already has a lean administrative structure, with only seven colleges and schools. The University continues to seek opportunities for efficiencies.
The College of Arts and Sciences has implemented two administrative consolidations:

- Oregon Humanities Consortium—a grouping of small humanities programs (Classics, Religious Studies, Judaic Studies, Humanities, and Medieval Studies); and

- Oregon Consortium of International and Area Studies—a grouping of small international and area study programs (International Studies, Asian Studies, European Studies, Russian and East European Studies, and Latin American Studies).

The UO has lost the federally funded Educational Resources Information Center Clearinghouse on Educational Management (ERIC/CEM) through a change in the federal Department of Education.

**Faculty Resources**

The UO’s faculty are extremely productive and every effort must be made to preserve the high quality and outstanding performance that we currently receive. In the College of Education, faculty attract more federal grant funding per faculty member than any similar college in the nation. A Swiss research center ranked the UO faculty 44th among the world’s universities in terms of publications impact, based on the number of published research articles our faculty had placed in top scholarly magazines and journals from 1994 to 1999. Other U.S. institutions in the top echelon of the study were Harvard, Stanford, and the University of California, Berkeley. Ranked lower than UO were UCLA, University of Arizona, Arizona State, University of California, Irvine, and University of Colorado.

The current ratio of students to faculty at the UO is 18 to 1, already higher than almost all of our AAU peers and at a level that we cannot afford to continue to increase. We rank better among our peers in regard to class sizes, with a significant number of classes with fewer than 20 students. This provides additional opportunity for faculty-student interaction and generally is regarded as a strong reflection of quality. Our average class size is 36 and that may increase next year with the opening of the Lillis Business Complex, in which the majority of classrooms have space for more than 36 students.

Faculty salaries are addressed in the Financial Assessment section, but the UO faces the dilemma of not having the resources to grow the faculty nor to meet salary needs when the freeze on salaries is lifted. This poses a significant problem that will need to be addressed.
Space requirements

The University recently has completed or is in the final stages of completing about $150 million in construction projects, in which the state has only provided $10 million, or less than 7 percent. The opening of the new Lillis Business Complex with more than 90 percent private funding significantly increases classroom capacity. The privately funded expansion of the Museum of Art will be completed next year and a reopening of that facility, with new space for teaching of art and art history, will occur next fall. The Lewis Neuroscience Center renovation is another privately financed construction project to benefit the University’s research and teaching efforts.

The University has tremendous needs for additional space. Projects are planned for the School of Music, the College of Education, the School of Architecture and Allied Arts, the University Theater, and for science laboratories. Those areas, along with plans for constructing a new arena, an alumni center, and a living, learning residence hall have been approved as part of our capital plan. It is significant to note that the legislature in this last session did not match the private funding available for the University Theater project. This creates a very grave concern that the donors may walk away from the project.

Deferred maintenance continues to be an issue, including seismic retrofits. With a number of our buildings dating from the early 1900s, the need for increased space, modernization, and renovation will continue to affect maintenance and utility costs.

Cost implications

Cost implications for the new academic majors are minimal. Funds are reallocated to follow the students. The major cost implications for academic programs are the inability to increase faculty positions to handle the volume of students overall and the faculty salary issues addressed elsewhere in this document.

The opening of new facilities has an impact on maintenance and utility costs. Interestingly, the use of the latest in sustainable architecture in the construction of the Lillis Business Complex should maintain the utility costs at the same level as the building it replaced although it doubles the square footage. Costs for janitorial services and eventual furniture and equipment replacement will be higher.

The UO supported the OUS bonding request last year that sought $500 million for deferred maintenance. The deferred maintenance need for the UO is estimated at $123 million based on a study by Pacific Partners. Many facilities on campus are beyond their life expectancies. The UO spends approximately $2.5 million a year on capital repair, but we should spend closer to $8.5 million, based on square footage and industry standards.

Some deferred maintenance is mission critical. If the classrooms are too cold or hot, or have inadequate airflow or lighting, our ability to provide education to our students is compromised. If faculty members are unable to present material using the Internet and projectors, the quality
of teaching suffers. The challenge we face, to a large extent, is to provide a 21st century education in early 20th century facilities.

**Tuition/Affordability Strategies**

The UO implemented a strategy to provide a discount for classes taken during non-peak hours in order to optimize the use of available classrooms and to provide students with greater choice in their tuition. We project that the discount will save more than 3,000 students a combined $1.5 million this year.

The UO has been reducing the hours available under plateau pricing for the past few years and intends to continue to move toward a “per credit hour” pricing policy.

The limitations enacted by the legislature on fee remissions will have a severe impact on the UO’s ability to provide financial aid. The UO provides the greatest amount of fee remission in the University System. Over the next two years, we have to reduce that amount by $2 million per year. The fee remissions have been used for Diversity Building Scholarships, need-based scholarships, Dean’s Scholarships, and in other programs that carried multi-year commitments. In order to fulfill existing commitments for continuing students, we will have very limited funding available for next year’s entering students. More than half of our students currently receive financial aid.

Out-of-state and international students particularly have a perception that the tuition and fees are unstable and potentially subject to substantial increases. In order to reduce the anxiety of prospective students and families in planning their costs, we are considering a plan to guarantee out-of-state tuition rates for four-year periods.

**Fundraising Expectations**

The UO is in the silent phase of a multi-year comprehensive campaign that will seek to raise about $600 million in private gifts by July 2007. Donors will invest in quality but will not fund basic operations.

The four cornerstones for the campaign are: “Advancing Knowledge Through Teaching and Learning,” “Advancing Knowledge Through Discovery: Research and Scholarship,” “Enhancing Student Opportunity and Experience,” and “Strengthening Our Community and Society.”

The “Oregon Promise” is our commitment that any otherwise qualified Oregon resident will not be denied access because of a lack of funds. That is part of our Strategic Direction of assuring access and a major priority of our fundraising campaign, which has as its goal to raise $100 million for scholarships and fellowships.
Additional goals for the campaign are to double the number of endowed faculty chairs in order to advance the Strategic Direction of improving quality in our teaching and research, and to provide funding for significant capital improvements.

We will seek to double our ongoing fundraising capacity from $40 million–$50 million a year before the campaign, to $90 million–$100 million, post campaign. Fundraising totals in the last two years set records for private philanthropic support of the University. It is critical that the state match private donations for capital projects in order for the University to secure the gifts and realize tremendous savings for the state.

Research

The UO has far exceeded its research targets in OUS Performance Indicators and brought in over $78 million in research grants and contracts last year. This is significant in that we have neither a medical, agricultural, nor engineering school, which typically garner substantial federal grants for which we cannot compete.

The UO does remarkably well in generating start-up companies and in tech transfer, especially when scaled for size compared to major universities. In recent years, it has not been unusual for several start-up companies to be spun off from UO-based research. We have revised our targets for 2004 through 2008 substantially upwards. However, this may be unrealistic in view of the severe reductions in state support for research—which is very important in providing seed funding, matching money, and start-up costs—and in view of the salary freeze that puts us at risk of losing some of our most research-productive faculty. It may be that our performance on this indicator is actually at a high point for the foreseeable future.

Funded research at UO is up more than 35 percent over the last two years. On average, a UO faculty member brings in more than $100,000 in external research support. This contrasts with an average UO faculty total compensation of $77,200. The vast majority of these funds are spent in Oregon. According to recent figures reported by the U.S. Department of Commerce, research grant support received by the UO equates to 2,700 jobs created in the state. Over the past 10 years, UO faculty members have generated 61 patents, 52 license options, and 13 start-up companies. The UO is an economic engine, creating jobs and technology for Oregon’s future. However, the strength of this economic engine is severely threatened by the budget cuts and current financial situation.

Measuring Performance

Focus on Accountability: Managing meager resources has made the UO one of the most accountable and fiscally creative universities in the nation. We have managed to maintain a position among America’s best universities while spending about two-thirds per student of what our peers spend. We have become a tremendous economic engine for the state, spinning off new businesses, developing patents and licenses, and returning $10 for every dollar the state invests. As a member of the AAU, we have
access to a substantial database of information about the performance of its membership—62 of the top research universities in North America. We constantly benchmark our performance both against that larger collection of major research universities as well as against the subset of the AAU institutions that comprise our peer group for OUS performance indicators.

Managing/Assuring Quality: We are making every effort to assure continued quality, but the state’s disinvestment puts quality at risk. The UO’s ability to compete with its peers is increasingly compromised by inadequate resources per student. The UO’s ability to attract outstanding faculty, and thereby continue to provide economic leverage for the state, is at risk through the growing faculty salary discrepancy. The University and its Foundation are investing heavily in a comprehensive fundraising campaign that will be the largest ever conducted in this state. Its success will generate investment capital for quality, but the state also must step forward, both in matching capital projects and in assisting the University in its ability to respond to market forces in an agile fashion.

The UO’s performance indicators are attached as Attachment B.

ATTACHMENT A

MAKING A DIFFERENCE

Strategic Directions For the University of Oregon

The University of Oregon is internationally recognized as among the nation’s premier comprehensive research universities. We are the only Oregon institution that is a member of the highly selective American Association of Universities (AAU), and we are distinguished by the strength of our teaching and research in the arts and sciences and the professional schools.

We are committed, through the process of research and graduate education, to excel in the creation and application of knowledge. This places us in the critical role of producing intellectual capital that is central to the state’s prosperity, as well as producing graduates who are well prepared to participate in both today’s and tomorrow’s economy. Because of the strength of our core mission in the liberal arts, our graduates have the critical thinking and analytical skills that allow them to adapt and thrive in a world defined by increasing complexity and rapid change.

In many ways, we are like all other major public research universities. In some ways, we are different. We have a relatively small student body and a very modest level of state support. We offer our students the education available at an AAU institution with the low student-faculty ratio typical of smaller campuses. And we do not let limited state support determine our quality.
The strategic directions listed in this document set forth the areas that will receive our primary focus for the next five years. They are: quality, access, the student experience, and research and economic development. The fifth component is a New Compact with Oregon, which will allow us to implement the first four.

**QUALITY**

“There is a sense of the distinctive and special about UO. Among the attributes frequently cited are the quality of the program, sense of community, people who care about their institution; the special character of Eugene, the climate and geography, the human scale of the University, and powerful traditions of collaboration, cooperation, openness, and friendliness. There is an ever-present pride and search for excellence. These are qualities that need nurturing and protection.”


A. Goal
We will improve overall institutional quality by investing significantly in the recruitment, retention, and recognition of nationally competitive faculty, by attracting stronger students to our undergraduate and graduate programs, and by developing distinctive excellence in academic programs. Our quality is reflected in our membership in the AAU, where we are the only member from Oregon and one of just 63 public and private institutions of the more than 2,000 institutions of higher education in the United States. In addition to AAU affiliation, our quality is evidenced through the creativity and innovation of our faculty, programs, and students.

B. Assumptions
1. Our programs consistently challenge and define the boundaries of knowledge and academic inquiry.
   
   a. We have a high percentage of faculty who are actively involved and highly successful in grant applications for new projects and studies. Their research is funded at more than $60 million per year. Our College of Education has the most productive educational research faculty in the nation in terms of research and training grant funds awarded per faculty member.

   b. We have particular strengths in genomics and proteomics, earth-friendly and cost-effective chemistry, and discoveries about our native Oregon (Department of Anthropology and the Northwest Indigenous Languages Institute).

2. Our faculty command national and international attention for discovery and dissemination of new knowledge in their fields.
a. Two creative writing faculty, Ehud Havazelet and Dorianne Laux, received Guggenheim Fellowships in support of their work.

b. Hill Walker’s Institute on Violence and Destructive Behavior received a $1.25 million federal grant to develop a version of its “First Step to Success” program for use by Head Start.

c. Russell Donnelly received the Fritz London Memorial Prize, the highest international award in the field of low-temperature physics.

3. The University contributes extensive service to Oregon communities and beyond.

a. Our international students teach in local public schools; students in English work with local literacy programs; student videographers from the School of Journalism and Communication assist with documentaries for Oregon Public Broadcasting; and law students offer free legal services to domestic violence victims.

b. The College of Education educates Oregon’s teachers and contributes research that shapes the state’s educational system; the Pine Mountain Observatory conducts approximately 200 educational outreach programs in Oregon per year; and the School of Architecture and Allied Arts organizes a national student conference on ecological design.

c. Alumni Brent Walth and Rick Attig received the Pulitzer Prize for Public Service in 2001 for their coverage of the Immigration and Naturalization Service; Johnpaul Jones has been named the principal design architect for the planned National Museum of the American Indian, part of the Smithsonian Institute; Helen Frye, the first woman to become a federal judge in Oregon, has ruled on important Oregon issues such as the Rajneeshpuram incorporation and the battle over the spotted owl; and Kathleen Weaver serves as medical director for the Oregon Health Plan.

4. UO students thrive under the direction of faculty mentors dedicated to creating experiential learning opportunities and research.

a. Students consistently earn national academic distinction by being named among the top undergraduates in science and mathematics (Barry M. Goldwater Scholarship) and funded for international research projects in the humanities and social sciences (Fulbright Fellowships).

b. Participatory experiences allow students to apply their learning to meaningful projects in their field such as: Flux magazine, winner for the ninth consecutive year of the Pacemaker award for student publications; archaeological field studies, such as the Northern Great Basin Prehistory Project; and scientific research, such as in the Ecology and Evolution Program.
C. Direction

Across all of our endeavors, our community—faculty, students, alumni, staff, and others—strive for excellence locally and distinction nationally. We cannot do less than compete for the sake of Oregon on the national and international stage.

We must continue our commitment to cultivating excellence in our faculty, students, and programs. This means we must:

1. Develop a faculty that continues to hold standing nationally and command attention for its excellence in education and scholarship. This requires that we:
   a. Continue to increase faculty salaries relative to our peer institutions.
   b. Double the number of endowed faculty positions in the next five years to allow for the recruitment and retention of the most academically distinguished scholars.
   c. Double the financial support for faculty research activity in the next five years in order to increase the opportunities for faculty recognition as members of national academies, recipients of prestigious awards, and recipients of significant federal and private research funding.
   d. Recruit vigorously to add faculty of color.

2. Build the strength and quality of selected academic programs with particular emphasis on:
   a. Sustaining excellence where it has already been achieved.
   b. Promoting excellence where it has prospects for rapid emergence.
   c. Withdrawing support for programs with little likelihood for long-term distinction.

3. Recruit an increasingly stronger student body by
   a. Increasing standards both for admission and graduation.
   b. Dedicating efforts to increasing its diversity.
   c. Increasing financial aid.

4. Direct energy at improving our standing with regard to benchmarks traditionally used to rank institutions.
a. Propose revisions in the criteria used for normed federal R&D expenditures while increasing those amounts.

b. Normed faculty arts and humanities awards, fellowships, and memberships.

c. Normed number of doctorates.

**ACCESS**

“Bright and engaged students from Oregon and this region need to have available to them an affordable education at an internationally recognized premiere university or we will lose them, perhaps forever.”

–Dave Frohnmayer, President, 2002

A. Goal

The University of Oregon is committed to ensuring that all qualified Oregonians have the opportunity to attend and succeed, while maintaining our position as a high-quality research university with a mid-size, academically strong student body. This strategic direction is built on the following assumptions.

B. Assumptions

1. Significant new state funding will not be available to us to expand our current facilities and allow for increasing student enrollments in peak demand times. Without such an increase in facilities, overcrowding, and decreased quality of the student experience could occur.

2. Tuition will be an increasingly important source of revenue to the University, given the reality of limited state funding. State funds now comprise only 18 percent of the University’s overall expenditures, and this percentage will decrease with the state budget cuts now pending.

3. Our principal focus will remain on the traditional daytime student. However, classes offered at non-traditional times will make university programs available to students who work during the day and do not now have access to degree programs.

4. We do not use our facilities to the extent possible in the late afternoon, evenings, and weekends.

5. A lower-cost tuition alternative would make higher education more affordable for students who could take advantage of it and, therefore, increase access.

6. We must increase our ability to assist fully qualified students for whom financial constraints affect access.
C. Direction

1. We will maintain traditional daytime enrollment at approximately 20,000 while increasing the academic profile of entering students.
   a. Develop a student recruitment plan focused on increasing the academic profile of entering freshman.
   b. Enhance the focus on increased diversity among the traditional daytime student population.
   c. Create a system to track progress.

2. Create financial incentives for student to take classes off peak time, which will make more efficient use of our physical resources.
   a. Implement new tuition structure that offers financial incentives for courses taken in low utilization time slots.
   b. Increase availability of courses and degrees that are offered in low utilization time slots.
   c. Create a system to track progress.

3. Increase the availability of UO programs and classes through the use of off-campus sites and distance learning technology.
   e. Bend
   f. Portland
   g. Distance learning technologies
   h. Create a system to track progress

4. Within five years, establish a $100 million endowment for merit-based scholarships.
THE STUDENT EXPERIENCE

“A recent University of Oregon Orientation Week T-shirt sported a picture of a duck and the simple exhortation “Let your future take flight.” The UO certainly offers many ways for those with lofty ambitions to succeed. With the UO’s caring faculty, excellent academics, and abundance of social activities, the UO is all it’s quacked up to be.”

–The Fiske Guide to Colleges 2002

(Designated the UO for the fourth year in a row as one of the nation’s top 40 “best buys” in higher education.)

A. Goal
The University is committed to providing its students an array of experiences that support academic and personal development within a residential campus experience. The residential experience extends classroom learning and plays a significant role in preparing students for effective participation in a global and diverse society. This strategic direction is built on the following assumptions.

B. Assumptions
The quality of the student body and the quality of the student experience are increasingly important factors in our ability to compete successfully for resources.

1. We must maintain strong academic programs and a compelling campus life if we are to attract and retain capable undergraduate and graduate students.

2. The residential experience, offered through classroom learning, housing facilities, student programs, and co-curricular activities are an important dimension of campus life. To remain competitive, we must improve our facilities, including residence halls, the student union, recreation centers, and resource and cultural centers.

3. Diversity has strong academic benefits for students. By assuring diversity within our student body and in our faculty and staff, we can provide students with greater learning opportunities, more opportunities to develop interpersonal competencies, experience with a diversity of opinions, ideas and background, and preparation for greater involvement in civic and community service.

4. We are committed to international awareness and understanding, and to developing a student body capable of participating effectively in a global society. We recognize that this requires strong programs of international student recruitment, study abroad, undergraduate and graduate instruction and research, and cultural activities on campus.

5. Our mission to cultivate a sense of citizenship, as well as the capacity for sound individual judgment, requires activities that allow students to assume
responsibility for individual decisions and to embrace common goals. Student programs provide opportunities for participation and leadership that foster such character development.

6. Our recruitment and financial aid strategies, including both merit- and need-based scholarships, will bring to campus students who are academically strong and diverse in interests, cultural background, and socio-economic level. We seek students who have a strong sense of individual identity but who share a commitment to the highest standards of academic inquiry, personal integrity, and service.

7. We will emphasize the development of leadership ability, as well as the capacity to create and live by community standards that depend on personal honor and social responsibility.

C. Directions

1. Within the next five years, we will construct new residence facilities to provide undergraduate students with living/learning centers that promote a campus culture of engagement with ideas, as well as one or more graduate student housing units.

2. Within the next five years, we will renovate and expand our student union, cultural and international resource centers, recreation center, and health and counseling centers.

3. We will enhance the opportunities for rich human interaction through strategic student recruitment, support of an array of vigorous programs including intercollegiate athletics, and campus and study abroad programs that promote the exchange of ideas and perspectives.

**RESEARCH AND ECONOMIC DEVELOPMENT**

“The wealth, civilization and development of a state depend upon the education of the masses of its people and upon the education of those who by a process of education become the leaders of these masses in the various departments of life... The state must make it possible for the university to attain the highest known standard, and then must insist on corresponding results.”

– UO President Frank Strong, 1899

A. Goal
We are committed through the integrated missions of research, graduate education, and technology transfer, to excel in the creation, transmission, and application of knowledge. We will be increasingly competitive compared to other major research universities in the quality of our research programs and the applications that foster
economic development and improve the quality of life. This strategic direction is built on the following assumptions.

B. Assumptions

1. A knowledge-based economy is the key to Oregon’s future.
   a. The economy will be driven by a strong high technology industry and by traditional industries enhancing their businesses through effective applications of research and technology.
   b. The economy will require a large investment in research and development that provides an efficient means of transforming basic discoveries into practical applications and commercial products.
   c. The economy will be linked to the digital information age and the applications of high-speed telecommunications, including specialized tools for knowledge management.
   d. The economy will be increasingly global in nature, requiring an effective integration of diverse cultural and societal perspectives.
   e. The economy will be dependent on the workforce having access to lifelong learning opportunities for specialized training and retraining.
   f. The economy will continue to need the broad perspectives acquired through humanistic, culture-based education.

2. We have a direct and significant impact on the state’s prosperity and competitiveness in the knowledge-based economy.
   a. Our graduates are an important component of the state’s intellectual capital and are a primary indicator of the state’s return on investment in the institution.
   b. The strength of our faculty is a major factor in ensuring our ability to contribute to Oregon’s competitiveness.
   c. University-based research will be increasingly important, not only for the creation of new knowledge but also for the transfer of knowledge into the economy.
   d. A diverse community (both in ethnicity and geography) is essential to the preparation of students who will thrive in a global economy.
e. As a strong economic entity in its own right, the University will continue to anchor the local and regional economies.

f. Access to research resources will be increasingly more competitive and tied to greater demands for measurable benefits to society and the economy.

g. An additional infusion of state or industry funds is likely to be in the form of targeted investment in workforce preparation and research that seeks a clear return on investment.

h. Major funding trends for basic academic research at the federal level are unlikely to change substantially in the near future, and therefore will place a continuing emphasis on health and science-related programs.

i. The market for top faculty and graduate students will remain highly competitive for the foreseeable future.

C. Directions

1. We will provide essential resources for the recruitment and retention of high quality faculty and graduate student researchers and associated research infrastructure.

2. We will seek expanded external sponsorship for research through an integrated strategy involving the Office of Development, Research, Academic Affairs, and Governmental Affairs.

3. We will build on established research strengths in areas critical to the knowledge economy, such as the biosciences and materials sciences, and will seek targeted state funding for these initiatives.

4. We will be increasingly involved in economic development, such as technology transfer and business start-ups through:

   a. Support of collaborative programs with the Riverfront Research Park.

   b. Expansion of the Office of Technology Transfer.

   c. Development of new public-private partnerships to provide management, money, and marketing services to support business creation.

   d. Support for public legislation and regulatory relief to enhance technology transfer from Oregon universities.

   e. Greater involvement in community efforts to recruit and retain new businesses.
f. Expanding support of industry for our research, industrial internships, and technology out-licensing.

g. Enhanced participation in local, regional, and state economic development groups.

5. We will promote performance measures that demonstrate our impact on the Oregon economy, such as the economic multiplier effects of research and development funding and the role of technology transfer (e.g., invention disclosure, licensing and royalty income, start-up companies, industrially sponsored research).

6. We will support an evolving telecommunications infrastructure to provide "bandwidth on demand" that would satisfy the broad range of Internet applications from basic e-mail services to data-intensive business and research applications across the state.

7. Biomedicine and biotechnology offer the combination of opportunity for increased quality of life and vast potential for economic development. Oregon should seize opportunities to advance a biotechnology industry, in part through a combination of academic strengths involving clinical research at OHSU, engineering at PSU and OSU, and the basic sciences at the University of Oregon.

8. We will continue our involvement with the Association of Pacific Rim Universities, with special attention to the part that we can play in the international economic development work of the organization.

9. We will continue to support the classic elements of a traditional liberal education that creates a value-based component for technical and scientific decision making.

**A NEW COMPACT WITH OREGON**

For us to maintain and increase the level and quality of service we provide to the state and to our students, a new compact with the state must be put in place. To compete in the educational marketplace with such limited state assistance, we must be able to make decisions that affect our future in a timely way—to become more agile and efficient. We are not likely to see any increase in the percentage of state funding available to us. We cannot continue to serve the state or the increasing numbers of Oregonians who want a UO education at current levels of state support without significant policy and operational changes. We must be market-oriented, entrepreneurial, and flexible—something that is not currently possible with the state agency constraints now in place.
At the same time, we have no desire to move away from our mission as a public university. We simply believe that in order to fulfill our mission there must be changes in our relationship to the State of Oregon. We have no desire to separate ourselves from the Oregon University System. We value our relationships with our sister universities and see significant growth in cooperative activities. We recognize the need for some central coordination and for a high-level governing board. However, the state’s current governance form leads to inefficiencies, delays, and unnecessary costs. Therefore, we propose a “new compact with the State of Oregon,” with the characteristics described below.

**Benefits to the State of Oregon**

1. We will provide levels of quality in education, research, and public service that cannot otherwise be provided, given current levels of state funding.

2. We will provide this education to substantially larger numbers of Oregonians than is possible under current levels of state funding.

3. Oregonians will have access to our education at an affordable cost.

4. The State of Oregon will receive the benefit of our research and technology transfer.

5. We will maintain or improve the rankings and quality of all our programs.

6. We will maintain or improve our highly valued public services to the state, such as the Orbis library consortium, state of the art telecommunications networks, the Labor Education and Research Center, and the Community Services Center.

**Responsibilities of the University**

1. We will assure that an internationally recognized education of exceptional quality will be available to qualified Oregonians, with increased financial assistance as needed.

2. Oregon residents will be given priority in admissions. We will accept all qualified Oregonians up to 125 percent of the number that would be fully funded by the state in the Oregon University System budget model. Nonresidents will be accepted only to fill the remaining available places.

3. To give cost predictability to prospective and current students, we will maintain resident undergraduate tuition at no more than one-third of nonresident undergraduate tuition and resident graduate tuition at no more than two-thirds of nonresident graduate tuition.

4. We will exert our best efforts, through the use of state and federal financial aid, privately funded scholarships, loans, and fee remissions, to ensure that full financial need, as determined by federal guidelines, is met for all qualified Oregon applicants.
5. We will work with the state to match investments the state may make in research and public service programs.

6. We will, in cooperation with the State Board of Higher Education, establish a University of Oregon Board of Advisors.

7. We will provide an annual report to the State Board of Higher Education, the Chancellor of the Oregon University System, the Legislature, and the Governor that documents how this new compact has been implemented and will demonstrate accountability for the provisions of the new compact.

Three additional provisions are required for the new relationships between the state and the University to succeed:

1. Our ability to increase non-state revenues must be enhanced.
   a. Within the constraints outlined above, we must be vested with the authority and responsibility for setting tuition and fees.
   b. We must have the authority to spend funds from outside sources without legislative approval.
   c. We must have increased capability to borrow money when state revenues are not promised for repayment.
   d. We must have the flexibility to establish or expand academic programs, based on market demand.
   e. We must have the ability to protect personal information about donors from public disclosure.
   f. We must be given flexibility with regard to state regulations on the governance and use of private funds, including restrictive definition of the use of assessments on endowments and of pledges to match state funding.
   g. We must retain all interest earning on non-state revenues.

2. Our ability to operate more efficiently and flexibly must be enhanced. In light of the small percentage of funding derived from the state, we should be relieved from the regulatory restriction as described below
   a. Allow us full authority in purchasing, contracting, information technology, and telecommunications.
   b. Eliminate legislative approval for all construction projects when neither the construction nor the building operation will receive state funding.
   c. Vest with us the authority to buy and sell real and personal property.
   d. Grant us the authority to purchase insurance in addition to state self-insurance.
   e. Grant us the authority to hire attorneys and outside counsel.

3. We must be allowed to increase entrepreneurial activity and technology transfer.
   d. Grant us the authority to hold equity in private companies.
e. Grant us full management responsibility for all negotiations with the federal government on grant and contract issues, including indirect cost recovery, and return 100 percent of indirect cost recovery to the campus.

f. Grant us the authority to manage legal and contractual issues, including issues related to technology transfer and intellectual property.

**CONCLUSION**

Whether our supporters or our critics are interested in the essential value of a liberal arts education—developing a responsible, creative, and critical citizenry—or in the pragmatic and instrumental outcomes of higher education, the pursuit of quality and the cultivation of excellence forms the foundation on which all success depends. It is not an accident that the finest public universities in the U.S.—Virginia, Michigan, Berkeley, UNC—set and maintain the highest standards of academic inquiry, student learning, and community and regional service in their states. The legacy of their excellence in those states is undeniable. The UO will focus its investments on quality, access, the student experience, and research and economic development to position itself in the state and in the nation to merit its AAU membership and the continued support of its faculty, students, and public.
### Target Setting for Performance Indicators

#### Targets in 2003-04, 2004-05 (Previous 5-Year Target) and 2007-08 (New 5-Year Target)

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>80.8%</td>
<td>81.0%</td>
</tr>
<tr>
<td>2001-02</td>
<td>81.6%</td>
<td>82.0%</td>
</tr>
<tr>
<td>2002-03</td>
<td>82.4%</td>
<td>83.0%</td>
</tr>
<tr>
<td>2003-04</td>
<td>83.2%</td>
<td>84.0%</td>
</tr>
<tr>
<td>2004-05</td>
<td>83.0%</td>
<td>84.0%</td>
</tr>
<tr>
<td>2007-08</td>
<td>83.0%</td>
<td>84.0%</td>
</tr>
</tbody>
</table>

#### Persistence

<table>
<thead>
<tr>
<th>Year</th>
<th>Persistence</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>79.6%</td>
</tr>
<tr>
<td>1998-99</td>
<td>80.8%</td>
</tr>
<tr>
<td>1999-00</td>
<td>80.8%</td>
</tr>
<tr>
<td>2000-01</td>
<td>81.5%</td>
</tr>
<tr>
<td>2001-02</td>
<td>83.0%</td>
</tr>
</tbody>
</table>

### Freshman Persistence/Retention

- Full-time freshmen returning to UO for a second year.  

<table>
<thead>
<tr>
<th>Year</th>
<th>Persistence/Retention</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>79.6%</td>
</tr>
<tr>
<td>1998-99</td>
<td>80.8%</td>
</tr>
<tr>
<td>1999-00</td>
<td>80.8%</td>
</tr>
<tr>
<td>2000-01</td>
<td>81.5%</td>
</tr>
<tr>
<td>2001-02</td>
<td>83.0%</td>
</tr>
</tbody>
</table>

### Performance Trend:

- UO has steadily increased the proportion of freshmen persisting to the second year, achieving a high of 83 percent in 2001-02.

### Results Compared to Targets:

- UO has exceeded forecasted targets by about two percentage points.

### Rationale for Future Targets:

- The UO has made significant improvement in persistence during the past five years. The uncertain economic situation may significantly impact the institution’s ability to retain students beyond current experienced persistence rates.
- However, the UO intends to continue initiatives aimed at maintaining persistence, including:
  - Support of freshmen learning communities such as Freshman Interest Groups and Freshman Seminars.
  - Expanding the Honors Halls Advisory Board into the Residential Academy, a program that enables students to create programs that stimulate intellectual activity in the UO residence halls.
  - Investigating the impact of need-based and merit-based financial assistance on persistence and implementing appropriate changes to make the most strategic use of limited funds.
  - Continued focus on retention by the deans, Enrollment Management Council, and other appropriate committees.

---

8 Each cohort entering in the fall of a given year is tracked to the following fall to determine the proportion continuing at UO. The freshmen entering in 2001-02 are tracked to 2002-03 and included in the 2003 OUS Performance Report.
University of Oregon

Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)

Total Degree Production. Bachelor's, master's, doctoral, and first professional degrees awarded.

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>4,179</td>
<td>4,219</td>
</tr>
<tr>
<td>2001-02</td>
<td>4,222</td>
<td>4,302</td>
</tr>
<tr>
<td>2002-03</td>
<td>4,264</td>
<td>4,384</td>
</tr>
<tr>
<td>2003-04</td>
<td>4,307</td>
<td>4,467</td>
</tr>
<tr>
<td>2004-05</td>
<td>3,750</td>
<td>3,900</td>
</tr>
<tr>
<td>2007-08</td>
<td>3,750</td>
<td>3,900</td>
</tr>
</tbody>
</table>

Performance Trend:
- UO did not achieve consistent growth in degree production. Although degrees increased in 1999-00, UO awarded 184 fewer degrees in 2001-02 than it awarded in 1997-98.

Results Compared to Targets:
- UO did not meet its low targets in 2000-01 or 2001-02, missing the target by 5 percent in each year.

Rationale for Future Targets:
As the UO manages within current budget constraints, the size of the admitted entering class will continue to decline. This will result in fewer degrees being awarded at the undergraduate level that will offset gains from continued improvement in persistence rates.
University of Oregon

Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)

Licenses Produced in K-12 Administration (Oregon Shortage Area). Number of endorsements in K-12 administration awarded by UO.

<table>
<thead>
<tr>
<th>Year</th>
<th>Low</th>
<th>High</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>40</td>
<td>42</td>
</tr>
<tr>
<td>2001-02</td>
<td>48</td>
<td>51</td>
</tr>
<tr>
<td>2002-03</td>
<td>56</td>
<td>61</td>
</tr>
<tr>
<td>2003-04</td>
<td>64</td>
<td>70</td>
</tr>
<tr>
<td>2004-05</td>
<td>72</td>
<td>80</td>
</tr>
<tr>
<td>2007-08</td>
<td>80</td>
<td>90</td>
</tr>
</tbody>
</table>

Performance Trend:
- UO is making progress based on the data available.

Results Compared to Targets:
- UO exceeded the 2001-02 high target in 1999.

Rationale for Future Targets:
The demand for administrative licensure programs continues to be strong, and the number of students enrolled is close to capacity. Therefore, the number of endorsement recipients is expected to remain constant. The College of Education continues to receive requests to provide opportunities for administrative licensure programs, and it will accommodate these needs to the extent possible within the faculty and financial resources available.
Recent Graduate Satisfaction. The ranking of the overall quality of their educational experience by recent bachelor’s degree recipients on a scale of 1 to 5 (with 1 as low and 5 as high). Scores reported include 4s and 5s combined.\(^9\)

### Graduate Satisfaction Performance

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-97</td>
<td>N/A</td>
<td>63.3%</td>
</tr>
<tr>
<td>1997-98</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1998-99</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>1999-00</td>
<td>79.5%</td>
<td>74.8%</td>
</tr>
<tr>
<td>2000-01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2001-02</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Targets

<table>
<thead>
<tr>
<th>Year</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>65.0%</td>
<td>65.0%</td>
</tr>
<tr>
<td>2001-02</td>
<td>65.8%</td>
<td>66.6%</td>
</tr>
<tr>
<td>2002-03</td>
<td>66.6%</td>
<td>68.3%</td>
</tr>
<tr>
<td>2003-04</td>
<td>67.4%</td>
<td>69.9%</td>
</tr>
<tr>
<td>2004-05</td>
<td>75.0%</td>
<td>77.0%</td>
</tr>
<tr>
<td>2007-08</td>
<td>75.0%</td>
<td>77.0%</td>
</tr>
</tbody>
</table>

### Performance Trend:
- The rating of the overall quality of the education received at UO increased by 12 percentage points from 1996-97 to 2000-01.
- The mean rating increased by 5 percent.

### Results Compared to Targets:
- UO exceeded forecasted low and high targets in 2000-01.

### Rationale for Future Targets:
The UO’s goal is to achieve satisfaction ratings at this level by continuing to offer high quality educational experiences and excellent services to our students.

The UO has expanded small group activities within courses to provide further opportunities for students to learn to question critically, think logically, communicate clearly, act creatively, and live ethically. Students also have access to living and learning situations such as Freshman Interest Group (FIG) Residence Halls and the Residential Academy. The UO has also increased its emphasis on opportunities for Participatory Learning Experiences (PLEs) and internship programs that allow students to earn academic credit while exploring career options.

The UO has also focused in degree planning on promoting minors, resulting in an increased number of students pairing liberal arts majors with professional school minors (e.g., more than 2,100 undergraduates with majors in the College of Arts and Sciences have also declared a minor in Business Administration). In addition, the UO has increased career services available to students in its professional schools and offers the “Degrees With Distinction” program.

---

\(^9\) In the future, this survey will be conducted every other year by OUS Office of Planning.
University of Oregon
Target Setting for Performance Indicators
Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)

Research and Development (R&D) – Annual expenditures for research, training, teaching, and similar activities supported by grants from federal and private sources.

Performance Trend:
• UO saw a growth of $20 million in R&D expenditures from 1997-98 to 2001-02. This represents a 42 percent increase (not adjusted for inflation).

Results Compared to Targets:
• UO exceeded forecasted targets by more than 20 percent in 2001-02 (FY 2002).

Rationale for Future Targets:
The UO expects the recent 10 percent growth per year to slow to approximately 5 percent per year based on the realities of the federal budget and the expectation that it will not be possible to increase the size of the faculty beyond current numbers. The UO continues to place emphasis on providing grant writing services, promoting corporate and financial giving, and taking maximum advantage of the opportunities associated with the OCKED and signature research funding opportunities provided during the recent legislative session. Private funding for research endeavors is a particular emphasis in the UO’s fund raising campaign.
Mission Specific Indicators Selected by UO

**Target Setting for Performance Indicators**

**Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)**

---

**Competitive Faculty Compensation.** Average compensation of UO faculty compared to average faculty compensation at institutions in UO’s peer group.

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000-01</td>
<td>85.7%</td>
<td>87.0%</td>
<td>87.5%</td>
</tr>
<tr>
<td>2001-02</td>
<td>83.8%</td>
<td>89.0%</td>
<td>90.0%</td>
</tr>
<tr>
<td>2002-03</td>
<td>91.0%</td>
<td>92.5%</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>93.0%</td>
<td>95.0%</td>
<td></td>
</tr>
<tr>
<td><strong>2004-05</strong></td>
<td><strong>83.8%</strong></td>
<td><strong>85.0%</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2007-08</strong></td>
<td><strong>83.8%</strong></td>
<td><strong>85.0%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Note: Data excludes instructor rank; the percentages vary slightly from OUS data, which includes this rank.

---

**Performance Trend:**

- Average faculty compensation at the UO has not improved and appears to be declining relative to average faculty compensation at peer institutions.

**Results Compared to Targets:**

- UO is not making progress in increasing its competitive position for recruiting faculty.

**Rationale for Future Targets:**

The UO has made a commitment to faculty to maintain progress in this area, and our commitment to this goal remains strong in the long term. However, given the current funding constraints and the salary freeze, the UO will continue to lose ground on this indicator. This goal is strongly related to the UO’s reputation and to its future as an AAU institution, making it essential that the institution focus attention on how to come closer to attaining its goals in this area.
Mission Specific Indicators Selected by UO

**Target Setting for Performance Indicators**

**Targets in 2003-04, 2004-05 (previous 5-year target) and 2007-08 (new 5-year target)**

---

**Research and Economic Development Index.** The ratio of industrial support for R&D, income generated from technology transfer, and jobs supported by R&D of UO compared to that of the average of the UO peer group.

<table>
<thead>
<tr>
<th>Year</th>
<th>Performance</th>
<th>Low Target</th>
<th>High Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999-00</td>
<td>2.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000-01</td>
<td>4.4</td>
<td>2.3</td>
<td>2.4</td>
</tr>
<tr>
<td>2001-02</td>
<td>4.6</td>
<td>2.6</td>
<td>2.7</td>
</tr>
<tr>
<td>2002-03</td>
<td>2.8</td>
<td>3.0</td>
<td></td>
</tr>
<tr>
<td>2003-04</td>
<td>3.1</td>
<td>3.2</td>
<td></td>
</tr>
<tr>
<td><strong>2004-05</strong></td>
<td><strong>5.5</strong></td>
<td><strong>5.7</strong></td>
<td></td>
</tr>
<tr>
<td><strong>2007-08</strong></td>
<td><strong>7.3</strong></td>
<td><strong>7.5</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Performance Trend:**
- UO appears to be making progress, but the data are available for only two years.

**Results Compared to Targets:**
- UO results are twice the forecasted targets for 2001-02.

**Rationale for Future Targets:**
The UO is developing a strong track record in technology transfer and corporate funding. This progress is expected to continue with a 10 percent growth rate per year. This target recognizes the need for economic development activity with significant industrial support for R&D, resulting in income generated by both technology transfer and the jobs created.

We have had an increase of 35 percent in competitively awarded grants and contracts since FY 2001; a doubling in sponsored funding from private sources alone between FY 2002 and FY 2003; and a doubling of licenses related to technology transfer in the private sector in the same time period.

**BOARD DISCUSSION:**

President Frohnmayer introduced his presentation by indicating that he would focus on five major core areas of interest/concern to the institution. (NOTE: The full text of President Frohnmayer’s oral and PowerPoint presentations are available in the Board’s office.)
The first area of focus was on mission and the critical importance to the economy of a viable postsecondary education system. “The four strategic cornerstones or directions, which include the directions of our capital campaign are: great emphasis on quality; continuing emphasis on access; an important point of research and economic development; and focusing on the total quality of the student experience,” the president pointed out.

In presenting the mission of the University of Oregon, President Frohnmayer emphasized that the UO is a comprehensive research university serving students and the people of Oregon, the nation, and the world through the creation and transfer of knowledge. “The research designation means that we have a special role in knowledge discovery and it also means that we have a special role in advancing that knowledge in the course of our classroom instruction,” President Frohnmayer explained.

It was pointed out that the peer groups for the UO have been carefully chosen and are all “universities of,” and members of the Association of American Universities (AAU). Most have very similar profiles. All of these institutions are part of the UO RAM model peer group for purposes of understanding how the UO compares for faculty salaries, funding per student, and so forth. There is a very elaborate data exchange among institutions in the AAU, which provides considerable confidence in peer comparison data development.

Summary points of President Frohnmayer’s presentation included:

- Freshman retention rate is up to 83 percent and the goal is to be somewhere in the low 90s, which would move the UO up the AAU index.
- Graduation rates are at a level that puts the UO at 27th in the AAU comparators. The UO aspires, over time, to be in the high 60s which would put it into the middle of the AAU public institutions.
- Among the peer institutions, the UO has a relatively low percentage of graduate enrollment at 18.5 percent. “This is directly related,” President Frohnmayer pointed out, “to the lack of support in our state appropriations for graduate study.”
- One measure of quality teaching is class size. In the AAU ratings, the University of Oregon is 17th out of the 34; about 40 percent of the students have classes of under 20 students. “The problem is that the budget balancing strategy takes us in the opposite directions—it takes us in the direction of increasing small class size, rather than decreasing it. That, we think, has a direct impact on the quality of the overall institutional experience of the student,” the president noted. The reciprocal of small classes is, “how many classes do you have that have 50 or more students. We’re above the median—the middle—of the AAU. We’re about 14th here in the sense that we don’t have a high percentage of students in classes over 50.”
• The UO far exceeded the targets of research and development dollars. The UO has a highly productive faculty in obtaining federal research dollars with rather dramatic increases in the last few years. However, the state’s research support for the UO has gone from $2.3 million in 1999 to $1.8 million presently, which will have a continuing deleterious effect on the University’s ability to continue to compete for federal grants. The whole innovation cycle bears directly on the state’s economic development future. "The research support that we receive at the University of Oregon equals 3,100 Oregon jobs. Those are figures that we didn’t make up—those are United States Department of Commerce figures—indicating the direct economic impact, not merely of jobs, but these are high wage, high salary, professional, white-collar jobs that have tremendous multiplier effects in the balance of the economy," President Frohnmayer highlighted.

• Relative to economic impact, the average earnings over a lifetime or in a year of a person with a high school diploma and the average earnings over a year and a lifetime of a person with a bachelor’s degree are startling. “There is a $1 million difference over a lifetime in the earning capacity of a person with those two credentials, everything else being equal. That’s the formula that decides who’s going to be in and who’s not going to be in the American middle class,” the president highlighted. “This gap is growing. It is defined by level of educational attainment. You can see if you get a professional degree, you are going to increase your earning power by another million dollars on top of all this. That’s bread and butter on the family table. That’s called personal liberty. That’s called opportunity for people. That’s called a scary future because it means that if we’re not paying attention to who gets in and can we get them through, we’re talking about an erosion of the American middle class and an increasing gap between the rich and the poor.”

• The state General Fund support next year will fall by $9 million. This is much lower in absolute dollars than the General Fund support received by the University in 1989, the president pointed out. The UO has federal grants and contracts that this year exceeds the state appropriation. President Frohnmayer indicated that the UO “competes for more federal dollars than we get from the state. Last year we received private gifts of $62 million—more than our appropriation is going to be for the next year. We received nonresident tuition estimated at $61 million—more than our entire state appropriation. We have three times from these sources what we get from the state’s General Fund. But grants and contracts are earmarked; they’re not General Fund capability, we can’t move them around. They’re earmarked for the special research for which they are given. Private gifts can be huge but if they are endowments they pay out, ladies and gentlemen, at 4 percent, so if you get a million dollar gift, the payout over the generational lifetime of the gift, to make sure the principal grows along with the interest, is $40,000. So, that’s all you get to add to your spendable income even though you have another million dollars from your endowment from private gifts. The last thing we want to do is to give legislators or any other policymaker the view that private gifts are simply a one dollar to one dollar substitute for public dollars because they are not.” The UO performs at a
50 percent lower level of state support per student than AAU peers used in the RAM model.

- A challenge for the UO is how they can continue to retain and attract quality faculty. “The faculty salary comparisons puts the UO at 83 percent of the average of our peers right now. That’s raiding stock. That’s an incentive for people to come to the place where they have highly trained faculty who are skilled and we’re at a very low place. We have to do everything possible to get more flexibility in faculty salaries, and that means, if I can be so bold, talking to the Governor and to the new Board about the issue of whether or not this salary freeze, which is now biennial in its implications, can be modified for purposes of faculty who are truly recruited internationally, not simply from our local area.”

- Another worry for the UO is how they can provide graduate programs to meet the state’s needs, that are critical to the state economy, to UO’s research, and to teaching.

- How to maintain the size and quality of research programs at the UO is another challenge. With a salary freeze, a state support reduction in research at 20 percent, the investment is at risk and, therefore, it puts the size and quality of programs at risk.

- A continuing concern is how to attract nonresidents, including international, students, if the quality of academic programs cannot be maintained. Every nonresident student actually supports a resident student. “Therefore, it is both to our educational advantage to have a diverse student body and to our economic advantage to be able to support the education of more Oregonians but if we don’t have the quality programs to attract students from afar, we’re going to lose not only that nonresident student, but it’s actually going to erase a resident student’s place that might otherwise have been paid for,” President Frohnmayer pointed out.

- With increasingly high tuition, it is becoming problematic that the UO can maintain the diversity of its student body and therefore uphold its public mission.

- Another concern, given the lack of state support, is how to protect the state’s investment in campus facilities, let alone construct the needed new ones.

- Finally, the UO is concerned about how to encourage private donors to invest in the University while the state is withdrawing its investment. “We need the donors to be able to engage with us on a basis that they are making an investment in new and higher quality, not simply that they are making up for a tax allocation from the legislature that has become either unwilling or unable to allocate. No one wants to donate money that replaces state dollars that have simply been lost,” he warned.

In closing his presentation, President Frohnmayer indicated that, in his opinion, the UO has provided an exceptionally high rate of return on the state’s investment at a very modest cost. “But, the differential now between what we try to provide and what the state provides has grown to the point where, we believe, our investment itself is at serious risk unless it can be the subject of reinvestment—in other words, if we can’t reverse the trend of the last two years.”
Chair Barnett thanked President Frohnmayer and asked, “You posed eight top questions that all have, obviously, a common theme. My question is, ‘what is the answer to those questions?’ I think we all have a responsibility and a common agenda with respect to public finance in Oregon. Still, as we know, the state budget for the current biennium—it is what it is—and with yesterday’s news about the potential February 3, 2004, income tax referral, it’s likely to get worse before it gets better. Today, as we sit here, the prospects for the budget for the next biennium are probably not a whole lot better. We’re all rooting for the economy, obviously. We all know you well enough to know that you haven’t thrown in the towel on all these issues.

“My question to you is, recognizing that over the long term the real answer has to be addressing public finance in Oregon, over the shorter term—18 months, two years, three years—what are your thoughts about addressing some of these issues? Are there ways that funds can be moved around into opportunity funds to deal with specific faculty salary issues? Are there other potential sources of funding that might help create a bridge for us? In other words, I’m just a little unsettled at leaving the questions just sort of hanging without suggesting any potential approach.”

President Frohnmayer offered several answers. “The first is that I certainly do hope there will be a faculty salary component in the next budget request. I think the case has been made in ways that are really scary about the potential ‘brain drain’ that we face. The problem is that once you lose that cohort of faculty, they won’t come back and the rap on the state or the region is that, in terms of recruiting, you’ll miss a whole generation of promising scholars who have all this capacity to raise these grants of $120,000 a piece per year in what they do."

Secondly, the President indicated that if the RAM (Resource Allocation Model) model is too opaque to people, there is a need to find a more transparent model. “What we really need to do is boost up that cohort of our budget, which by and large is the biggest support for undergraduate education, because from that everything else can be supported in the University’s structure much more easily,” he observed.

“And the third may sound parasitic and I don’t mean it that way, but if you are looking at the areas for investment of limited state dollars where you get the biggest return on investment in a classic economic sense, I think the data that I showed you on the return on investment for higher education is compelling.”

President Lussier asked President Frohnmayer how the University has been so successful in philanthropy? “That has been a remarkable success story in the last five years. Tell us a little bit about the conversation you have with donors and really responding to your eighth question, which is how can philanthropy continue to go up when state funding continues to go down.”

“Donors have a powerful attachment to the University and one of the things that we can do to increase philanthropic dollars is to reengage people with the transformative effect typically of their undergraduate years. Everyone is crying for philanthropic dollars across
the whole range of health care needs and these other things and so part of the key is engaging people. And a big part of that is that there is an infrastructure investment that you must make for a capital campaign and we’re talking now about several millions of dollars a year in order to sustain it. It’s a very sophisticated business and once well organized, it’s a very powerful one,” President Frohnmayer concluded.

9. **VISIT BY THE GOVERNOR:**

President Lussier welcomed Governor Kulongoski to the meeting. “I know that everyone in this room knows that Governor Kulongoski has indicated a strong support and new direction for higher education that is going to affect the composition of the Board. But more importantly, it will increase the support for higher education and begin to tackle some of the things that the present Board has been talking about over a period of time.

Following is a summary of the Governor’s remarks. The full text is on file in the Board’s Office.

**Summary of Remarks**

- **Recognition of the Service of Current Board Members:**
  - Thanked current Board members for their service and for agreeing to resign from the Board to allow him to appoint his own Board and implement his plans.

- **Acknowledged importance of the Governor taking a lead in higher education matters with actions – not just with words, as many of the past governors have done.**
  - Legislators would agree that the future of the state’s economy is dependent on intellectual capital – an investment in young people and an investment in education.
  - Debate will include community colleges.

- **Although there are no preconceived notions on many of the topics, the Governor’s primary purpose is for a change in Board:**
  - Stop the disinvestment in higher education in the state—achieve more investment through the state and other sources. Not clear what the source of investment will be, but it has to occur.
  - Push in the next legislative session for the access bill, ASET, that Governor Kulongoski started this last session to improve access to higher education. Initially will include private as well as public institutions. Wants to remove the question of access from the general debate so it is not the driving factor in debate.
  - There must be quality institutions available for student choice.
    - Stress the importance of a liberal arts education.
Higher education must be linked to growing the economy and providing skills for quality jobs in Oregon in order to have the revenue sources to solve the state’s problems.

- Newly constituted Board will review the functions of the System Office and the role of the Chancellor and staff.

- The revenue side of the OUS will be examined to bring some certainty into the higher education process in Oregon so that every two years the enterprise is not on the line but will, in fact, have some permanency and a funding stream so there could be certainty and security for the institutions.

The Governor concluded his remarks by thanking the Board “again very, very much for all of your help in making this possible. The Chancellor and I have been talking during the session. It was a difficult time for someone coming in new to this process and I am quite sure that as in any new position, it wasn’t quite what he thought it was. We each knew that but he talked to me during the session so he knows that is one of the issues. If I may, Mr. Chancellor, what I said is that the Board is going to be reviewing the function of the Office of the Chancellor. I’m not quite sure yet in my own mind what its relationship is with the Board and with the individual presidents and with the individual institutions—but I’ve told them what I want done in the beginning is to look at the role of the Chancellor’s Office. Not the individual as much as what this role is of a Chancellor in this System today.”

Director Lehmann wished the Governor success with this effort and offered to make herself available in any way that would be helpful in the future.

President Lussier observed that he and the Governor have had an opportunity to talk about this to some extent over a long period of time. “I know that you know that this Board and the presidents in this room have championed continued and increased support of higher education. We need a Governor who is willing to lend his considerable talents and leadership to that to make it effective. That is one of the points that President Frohnmayer made in his presentation this morning and I think all of us are 100 percent behind your being willing to crawl out onto that limb and to do that for higher education. It’s very, very important. I think that all of us that were asked to consider the reconstitution of the Board and to submit our resignations, did so voluntarily so that we were in a position of allowing you to really take this initiative and run with it. To some extent it is unfortunate that the some of media picked up that we were being asked to resign and turned this into a negative when it really, I think, is going to be a positive for higher education and hopefully for your administration as well.”

Governor Kulongoski restated that “it is an indication of how much this Board cares about this issue to give me this opportunity and, again, I am deeply appreciative of it. I would hope that when this settles down that there are two issues and I have them in my mind. One is the structural side of the State System and how we are going to deal with that. The other one—and I don’t want anyone to lose sight of it—is the revenue side of
this and how do we actually bring some certainty into the higher education process in Oregon so that every two years it’s not on the line. Instead there is some permanency and a funding stream that would be able to provide the certainty and security that, I think, the institutions need at a minimal level to know where they are going. So, there is a two-part process here—the structural piece is the first piece they are going to get to but I am going to drive them on this second issue. We have some ideas that I have been talking about with my staff about how to do that and we’ll just see how that plays out."

b. Faculty diversity (gender and ethnicity)—discussions with provosts

**DOCKET ITEM:**

**Executive Summary**

Members of the Oregon State Board of Higher Education's System Strategic Planning (SSP) Committee had the opportunity to discuss faculty diversity issues with a panel consisting of the chief academic officers from each Oregon University System (OUS) institution. This discussion represented an extension of the April 2003 annual Systemwide report to the SSP Committee on faculty, staff, and student diversity. The issues addressed by the panelists included:

- Challenges and achievements in faculty recruitment, hiring, tenure, and promotion at OUS institutions;
- The best practices and initiatives that are being utilized by OUS institutions to support and enhance the development of women faculty and faculty of color; and
- Key considerations to assist OUS institutions in competitively attracting and retaining diverse faculties in the future.

This report provided supplemental background information regarding the representation, promotion/tenure, and average salaries of full-time, ranked (professor, associate professor, and assistant professor), tenured or tenure-track instructional women faculty, and faculty of color within OUS institutions. In recognition of the need to support diverse faculty populations within promotion and tenure processes, as well as the nurturing and development of those in the educational pipeline who might become faculty members, OUS institutions engage in several activities designed to address related issues. Examples of the current activities within each OUS institution—including selected educational pipeline activities, diversity hiring initiatives, promotion and tenure workshops, and mentoring activities, among other considerations—are included in the report.

Aggregate Systemwide data indicate that, during 2002-03, women represented 32 percent of the full-time, ranked, tenured or tenure-track instructional faculty, an increase from 22.6 percent in 1992-93. During 2002-03, faculty of color represented
11 percent of the full-time, ranked, tenured or tenure-track instructional faculty, an increase from 5.4 percent in 1992-93.

Aggregate ten-year progress in promotion and tenure within the 1992-93 cohort of newly hired assistant professors and newly hired or promoted associate professors, by gender and by race/ethnicity, was reviewed. The small number of newly hired or promoted faculty members within a given year’s cohort severely restricts the broad conclusions that may be drawn from these data. The gender data are compared with previous Systemwide faculty promotion studies. Findings indicate that within this cohort, more male faculty members than female faculty members were hired and received tenure during the period from 1992-93 through 2002-03. The race/ethnicity data, reflecting baseline Systemwide data within this report, indicate that within the 1992-93 cohort, more Caucasian faculty members than faculty members of color were hired and received tenure during the period from 1992-93 through 2002-03.

Aggregate data on average salaries and average years in rank of full-time, ranked, tenured or tenure-track instructional faculty by discipline groups were reviewed, by gender and race/ethnicity, within the report. The relatively small number of women faculty and faculty of color within many discipline groups restricts the broad conclusions that can be drawn when interpreting averages based on these very small populations. During 2002-03, full-time, ranked, tenured or tenure-track instructional female faculty within OUS institutions had an average salary of $55,017 and 3.6 average years in rank, compared with an average salary of $62,978 and 6.2 average years in rank for full-time, ranked, tenured or tenure-track instructional male faculty. During 2002-03, full-time, ranked, tenured or tenure-track instructional faculty of color within OUS institutions had an average salary of $58,794 and 4.1 average years in rank, compared with an average salary of $60,950 and 5.9 average years in rank for full-time, ranked, tenured or tenure-track instructional Caucasian faculty. Findings indicate that, in general, differences in average salaries by gender and by race/ethnicity correspond to differences in average years in rank.

The data indicate evidence of both challenges and achievements in faculty hiring, promotion, and tenure trends. The data suggest that there are growing considerations regarding market factors within particular disciplines that must be addressed effectively in order for OUS institutions to remain competitive in the attraction and retention of diverse faculty members. (See www.ous.edu/ for details)

BOARD DISCUSSION

Senior Vice Chancellor Clark introduced Dr. Yvette Webber-Davis who served as moderator of a panel of institution provosts.

President Dan Bernstine, Portland State University
Dr. Lesley Hallick, Vice President for Academic Affairs and Provost, Oregon Health & Science University
Dr. John Miller provost, Eastern Oregon University
Dr. John Moseley, Senior Vice President and Provost, the University of Oregon
Dr. Earl Potter, Vice President for Academic Affairs and Provost, Southern Oregon University
Dr. Joseph Sendelbaugh, Director, Graduate Programs, Western Oregon University.
Dr. Timothy White, Provost and Executive Vice President, Oregon State University
Dr. Dave Woodall, Provost/Vice President for Academic Affairs, Oregon Institute of Technology

Dr. Webber-Davis reminded the Board that the discussion was a follow-up to the discussion the Board had at the April 2003 meeting related to the annual diversity report. “At that time, members of the Committee asked for additional, more in depth information about faculty, particularly faculty of color and women faculty within the Oregon University System,” she explained.

“What we have had the opportunity to do in the past several years in terms of our annual reports on diversity to the Board was to look at diversity in a broad context. If you can imagine how insulting it is that the only time you’re discussed is in terms of issues of quantity. We have really moved to the point where we are looking at the value that it (diversity) brings to our institutions.”

Dr. Webber-Davis explained that the panel would be addressing three key areas: search and hiring issues relating to faculty, retention issues, and concerns for the future.

Relative to search and hiring issues, the educational pipeline for women and faculty of color was explored. “These are the people who feed into the faculty positions in our institutions. We’re looking at ways that our institutions work on increasing diversity within search pools for faculty members. We’re also looking at professional support requirements. The support that faculty need to fulfill their research, teaching, and publication responsibilities,” Dr. Webber-Davis explained.

In the area of retention, the goal was for Board members to have a better understanding of what is entailed in the tenure and promotion processes. In addition, topics such as leave trends, service obligations, mentoring, salary compensation issues, were discussed. Finally, the discussion provided some understanding of where the institutions are currently and what needs to happen in the future.

Relative to the search and hiring process, Dr. Dave Woodall from OIT described some programs that have been instituted at his institution. A FIPSE (Fund for the Improvement of Post Secondary Education) funded program, “Preparing Future Faculty in Engineering, Math, and Science,” works with recent college graduates to prepare them better for futures in faculty teaching. At the present time, there are seven fellows in the program.
President Bernstine indicated that he appointed a commission on campus climate and asked it to investigate ways to significantly increase the student learning experience at Portland State. He wanted it to start from the point of first contact with a student all the way through graduation or completion of a program or a class. “One of the recommendations that came out of the Campus Climate Commission was the need to diversify our faculty and I appointed a diversity action council, which was composed of faculty, staff, and students and that council was mandated to focus on ways to increase the number of people coming from underrepresented groups to our faculty, staff, and student body,” the president reported.

In 1999, PSU funded a program whereby the University would centrally pay 25 percent of a faculty member’s salary for three years, if that faculty member came from an underrepresented group. The program has had significant results, the president reported. In 1999, 10.6 percent of full-time instructional faculty came from ethnic minorities. By 2003, PSU had increased the percentage to 13.2 percent of its faculty. “I think the fact that we have made this a significant initiative on our campus has highlighted the importance of diversity and it has really increased the overall awareness of our campus,” President Bernstine reflected.

Provost White from OSU observed that in addition to a competitive compensation package, there has to be a competitive startup package and that depends on what the field of study is for the person, from biological sciences to physical sciences to the arts and humanities or in engineering. The startup requirements are very uniquely crafted, they become a part of the negotiation dollars—up to a million dollars—to attract a person who has high promise.

OSU also considers mentoring on how to negotiate through the community to be an important part of the programs for hiring and retaining minorities. “You know, when you recruit to Corvallis, there are many issues in the community, from personal decisions as to schools to how a person of color can be successful and comfortable in that community. It is also an interesting phenomenon in talented assistant professors that, in around year three, four, or five, they receive a number of calls of support. A couple of things happen at that point in an assistant professor’s life – one is they are putting their dossier together for consideration for promotion and tenure and in so doing they are asking people around the country to take a look at it and comment on it. Those wonderful colleagues around the country talk to their department chair,” he described. This sometimes leads to a secondary startup package.

Provost Moseley reflected that the UO has many of the same kinds of programs. In addition, he described a minority faculty recruitment program that basically made a commitment of $30,000 per year to a department when a faculty member that met one of that department’s needs in the underrepresented minority area was hired through a regular search. “We didn’t want to distort the search process. What we wanted to do was have faculty members hired in a position that was really central, critical, and important to the faculty and to that department. But we understood that
in many cases that required extra resources and we have been very flexible about how those resources could be used,” he explained. “By providing this additional support through this first three-year period, and then the other activities that we have in place, have resulted in a success rate to tenure that is absolutely equal to our non-minority faculty. In fact, the exact numbers are almost identical within one percentage point.”

Dr. Sendelbaugh provided a different perspective from a smaller, primarily teaching institution. “Western typically attracts new professors, new people to the higher education system. It is fairly rare for us to attract someone who is a senior professor, for example, so these are all new people, graduating in the last few years, or ABD in many cases. Their needs and the needs of staff who are from traditionally underrepresented groups—we also include people who have disabilities—were the same so we have done a lot to improve the skill in the classroom. We have a Center for Teaching and Learning and a mentor system that I have heard others talk about, where we bring new professors in, pair them with senior professors, give them suggestions, critique their teaching, videotape their teaching to give them feedback,” he described.

Provost Miller reported that since 1998, EOU has moved from about 4 percent of a diverse faculty to approaching 10 percent, and the student body is actually leading the diversity movement in that about 12 percent of the student body comes from a diverse background, including some international students.

Relative to the sabbatical process, Provost Miller explained that at a university like Eastern, it is very difficult for many of the faculty to be constantly engaged in research. “At Eastern,” he said, “our diverse faculty and women face the same sorts of issues that Provost Moseley brought up. We have totally, counting all faculty, somewhere between 120-130 faculty. As far as tenure and tenure-track, we have somewhere around 80. This means that people wear many hats and if we had a diverse faculty, women, people of color, they are most likely being asked to serve on many committees. What happens is that women and people of color get spread very thin, so sabbaticals or other types of leave are very important. It would be very important for them to both originally get tenured and promoted but then to move on in their careers and be able, maybe through a sabbatical, to change and move in a new direction and be able to engage in some new research and redevelop a research focus they had when they first started at Eastern. So things like sabbatical leaves are very important.”

Provost Potter agreed that the same situations are true at SOU.

It was generally agreed, and substantiated by the information provided to the Board, that there was not any systematic trend of unfairness or inequity in the salary structure, either at any of the institutions or Systemwide.
Oregon, it was pointed out, is part of a national and international recruiting pool for women and minorities and the competition can make it difficult to attract faculty.

Provost Hallick highlighted that the faculty recruiting issues are very similar for OHSU. However, there is a slight variation on the student recruitment issue. “That is that all of our students come from all of you. We don’t have freshmen – all of our students depend on the pipelines that you produce,” she highlighted. “We now have over 300 students in the pipeline that are students of color whom we touch at least once a quarter, if not once a month. They start in fourth grade on up to seniors in college and we make sure that they do the next logical thing, whether it’s a different kind of summer program, intensive coaching for MCATS exams to get into dental school and we’re starting to see them turn up in medical and dental school. Because of the work you’re doing, we’re starting to see the pipeline develop in an incredibly rich way but the only way they ever come back is if we keep in touch with them. So, the longitudinal programs we’ve been able to launch in the last two years, I think, are sort of a significant change in terms of our effectiveness.”

Director Richmond complimented Dr. Webber-Davis on the presentation. She offered that there is a very good book that was just published called, “Women Don’t Ask.” She described it as a phenomenal book with regard to the issues of why women don’t ask and negotiate. “It’s not just women, it’s men, too,” she commented.

Secondly, Dr. Richmond indicated that a number of years ago she launched an organization called “COACH” (Committee on the Advancement of Women Chemists). “It is a national organization that has been sponsored by NSF (National Science Foundation), NIH (National Institutes of Health), and DOE (Department of Education). In COACH, we use senior women scientists from around the country to develop a series of workshops that we run at professional meetings for women faculty and faculty of color. These workshops are small groups and we have spectacular facilitators from Harvard and Michigan and other places, who work with women faculty to help them enhance their negotiating, communication, management, and leadership skills. We have now given these workshops to hundreds of women faculty around the country. In fact, we have given them to at least 25-30 percent of all the women faculty chemists around the country, which may not be a huge number, it’s now on the order of 150-160. We have now made these so they are transportable. You can hire these women to come to your institution and run them for your science faculty, your faculty of color – you just need to pay the facilitator’s costs.

“We also conduct research on the women that attend these workshops and the subsequent impact the workshops have had on their careers. It has become a model program for NSF and NIH, and is now spreading into the computer science and engineering arenas. We ran a workshop like this for chemical engineers at San Francisco last weekend for both women faculty as well as women post-docs—which is very underrepresented—and they are always an amazing eye opener to me, but also very powerful. So, especially all the campuses, but including our regional
institutions, if there is a way that we can help you find financing through COACH to bring these workshops to your smaller institution, I would be delighted to do that because it’s just a passion for me to have these women and faculty of color be energized and empowered to do things they need to do. You may not be so happy because they will come back with skills that will basically put you on the hot seat but they are skills that will make your women faculty a lot better.”

President Lussier observed that one thing he has learned, especially through the diversity presentations at the Board level is “that it isn’t just about recruiting and the numbers that need to change, it is about creating cultures that support the people of color and minorities that come into our universities and the university settings—that will retain them and make them feel welcome and capable of performing at a high level.”

Chair Barnett thanked Dr. Webber-Davis and the institution representatives for a very enlightening presentation. (NOTE: The full transcript of the discussion and PowerPoint are on file in the Board’s Office.)

c. Affordability issues and policy roles

Chancellor Jarvis reminded the Board that the System has been through a lot of change in the last six months. “I was struck last January when we were going into, for me, a first legislative session, that we were anticipating the imposition of tuition in the Executive budget that would be uniform across all institutions—like the old way of doing things. Six months later, we don’t do tuition like that anymore. We, in fact, had a great deal of variation in tuition rates. The legislature accepted the rates that were developed by the campuses and approved by the Board. We had no insertion of the legislature in the tuition rate setting process. However, we did have insertion by the legislature in areas of fee remissions and resource fees so I don’t think the days of strong legislative interest and activity in the tuition side of things are by any means over,” he indicated.

The legislature did show a strong interest on the affordability side, the Chancellor pointed out, in its adjustments of funding for the Opportunity Grant. “It did not pick up the Governor’s initiative in ASET, as he said, and clearly he told us today he is going back on that. That’s another area where the state is going to have a continuing role and where we, as a System, will have a continuing role.

“Secondly, we have had several suggestions today about performance indicators and measures and issues of accountability and we’ve acknowledged that we struggle a little bit in getting a handle on affordability measures, both at the System level, where we can roll it up into something meaningful across the System, and at the institution level,” he concluded.

President Lussier thanked Director Barnett for having chaired the System Strategic Planning Committee.
10. **OTHER REPORTS**

- **Joint Boards Working Group** –

Senior Vice Chancellor Clark reported that the small senior staff group of the Department of Education, community colleges, and OUS continues to meet monthly. They are attempting to advance the agendas of both public boards in terms of P-16 issues. Progress continues to be made on the development of the statewide integrated data transfer system. “A pilot is moving along in development in which the Multnomah School District is taking the lead and OUS is centrally involved in that.” Joint enrollment planning with the community colleges particularly, but also K-12, is continuing. “We also discussed a number of projects, some of which have been done for some period of time in OUS and in which we are now inviting the partnership of the other two sectors. Sometimes, this is a case of adding questions, as in the biennial ‘Where Have Oregon’s Graduates Gone,’” she concluded.

- **OHSU** –

Provost Hallick reported that OHSU had a board retreat. “We tried to reshape the conversation with our board. I think for the most part it was successful – shifting from one very preoccupied with deficits and cuts and reductions and survival to move forward and set sights very high.”

One of things the institution will be seeing is an increasing awareness of the demographics facing them in dentistry and medicine. “You’ve been hearing me talk about nursing shortages,” she explained. “But the ones coming in dentistry are even more acute and not too far behind. The average age of dentists is actually older than the average age of nurses and so we’re looking at how we are going to meet those challenges.

“Finally, a big challenge for OHSU is managing three very major construction projects – a new research building, a new clinical tower attached to the hospital, and what we call Building 1 on the riverfront. By far, the biggest challenge is having the riverfront building, the clinical tower, and the tram in between all actually get done at the same time.”

- **Oregon College Savings Plan** –

Director Lehmann indicated that the Oregon College Savings Plan Board had voted unanimously to terminate the state’s relationship with Strong, one of the Plans' key investment managers. “This was not because there is any evidence of any harm to account holders, but because we felt that there was a loss of confidence and we didn’t feel it would be in the state’s interest or those of our account holders to go ahead with marketing the plan with their name attached to it. We are now in the process of finding a new investment manager for those funds,” she concluded.

- **Oregon Council on Knowledge and Economic Development** –
Chancellor Jarvis reported that the OCKED council would meet later in the day.

- EOU Presidential Search Committee –

The EOU Presidential Search Committee report was given earlier in the day with the announcement of the new president.

- Legislative Report

There was no legislative report.

11. **PUBLIC INPUT**

12. **ITEMS FROM BOARD MEMBERS**

The Board members who are remaining on the Board offered comments of gratitude, support, and admiration for the outgoing members.

Director Burns extended her gratitude for the examples of leadership and commitment to service exhibited by the Board members. “It really has set the bar very high for all of us new Board members. Thank you all. It has been a privilege to work with you.”

Director Wustenberg indicated that the “experience has been a gift for seven-and-half years. I leave the Board with the utmost admiration and respect for the Board and for all of those associated with higher education. I treasure the lasting friendships that I will take away with me.”

Director Pilliod thanked the Board members, not only for the year she had been on the Board but also for the time when she was president of the Oregon Student Association. “Despite my calm appearance, I was quite nervous, but this Board was always reassuring. And for the Board members who also met with us last year as student groups, it really meant a lot to be validated and to have that affirmation that you are taken seriously. You didn’t have to do that outside of a meeting time that is allocated to OSA, so I really appreciate it.”

Director Lorenzen indicated that he was very sad that he was not going to have the opportunity to serve with the majority of the Board members into the future. “I’ve thoroughly enjoyed the few meetings I’ve had with you. I admire you very much. This is a very classy Board, a very capable Board, a very hardworking Board, and I’m just truly saddened that I’m not going to be able to enjoy your company, companionship, and association into the future. One of the things I think that is critically important in many respects is an institutional memory that is carried forward and, with the exception now of Geri, that institutional memory is very fragile and we will do our best to carry on your traditions and the programs you have started. I want to thank you and I just want to say...”
I consider it a real privilege to have served with you folks for the short period that I have been blessed to be able to do.”

Director Lehmann remarked that she had enjoyed her time on the higher education Board very much. “When I first had the opportunity to come on to the Board, it was important to me for several reasons. It’s important to the board that pays me – they felt it was important work for me. Personally, I started my career as a faculty member, so that helped me complete the circle back to my own origins and my personal interests and commitments. But now that I think about what I am really going to miss, it’s the people, it’s the individuals. I absolutely relished the opportunity to get to know all of you and to work with all of you.”

Director Barnett said, “thanks to everybody. It’s been a real honor.”

President Lussier indicated that while it’s (the resignations of Board members) voluntary and it’s important that the Governor take this Board off in a new direction, in some cases, it was personal, too, and “that the kinds of investments that everyone here has made in higher education have been personal. This is a dedicated group of people,” he said.

“I grew up in Montana,” President Lussier continued. “I was born there in 1942 and was never really much of a student. I made my way through school all right like most students do. In Montana, where I grew up, there was not a huge group of people that went on to higher education. Generally, we ended up working for the Anaconda Copper Mining Company or in a smelter someplace or in the mines of Butte. My parents had the foresight to move from Montana to Salem in 1958, which ended up giving me an opportunity to attend the University of Oregon. It changed my life. I would not be here, I would not be doing what I am doing professionally without having had an opportunity to experience higher education, experience what a graduate school is like. That has become my sole motivation for being on this Board and working with you all and I know that’s why you’re here because you understand how important higher education is and that it does, in fact, change people’s lives when they are introduced to it or have an experience like we’ve all had. We have great people in this System – the Chancellor and his staff have been wonderful to work with; the presidents and the staffs of all the universities. I would have to say that absent some financial support now, this University System is still stronger than it’s ever been, not so much because of the finances, but because of the people that we’ve attained and attracted and are still working very diligently and very hard.

“I have some suggestions for the future, more hopes than anything else. We need to keep reinventing that future for higher education. I think that is incumbent upon those who are still in leadership positions with the System of Higher Education. It’s about collaboration; that I think is the way we are going to generate the kinds of resources we need for the long term future and for the things that we have been doing in places like the Bend branch campus and other places. These are good examples of innovation and collaboration. These generate far more resources than we will ever get from a state
government that is already short of finances. Certainly, there are ways that perhaps we can explore how we develop new financial resources to come into the System and that's very important to do. We have issues of faculty salaries and other things like that, but to me it is still more about the people and the kind of innovations and the kinds of things that we can do long term. A mentor of mine always tells me that virtually every problem that we have in the world has to do with consciousness more than anything else and that we can change things by changing our minds. I think that is equally as applicable to higher education as it is to health care and other places when we begin to look at how we can reinvent that future, how we change how we approach things, we are able to make progression that we certainly couldn’t have made without that consciousness shift. The goal is to give every student in Oregon access to the kinds of things that I’ve had in my career and as a citizen of Oregon.”

On a personal note, President Lussier introduced his wife, Margie, who has been very supportive and is, in her own right, an advocate for higher education. “Overall, I think we have all learned that when one door closes, many new ones open and we have to be open to that, not only personally from those of us who are leaving the Board, but I think also higher education in general. There are tremendous opportunities out there. I want to thank you for the honor of serving with you, to have been president of this Board – given that honor is very much appreciated – and I think in terms of all of us who are now leaving the Board, we appreciate your support and thanks for your continued leadership. You have been great associates and even more than that, you have been friends we'll remember for the rest of our lives. Thanks for being here.”

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

President Lussier read the statement pertaining to delegation of authority to the Board’s Executive Committee:

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

Board members agreed to the delegation of authority as stated.

14. **ADJOURNMENT**

The Board meeting adjourned at 1:30 p.m.

Virginia L. Thompson  
Secretary of the Board

Neil Goldschmidt  
President of the Board
1. **CALL TO ORDER/ROLL CALL**

Chair Jim Lussier called the meeting of the State Board of Higher Education to order at 10:02 a.m.

On roll call, the following Board members answered present:

- Kerry Barnett
- Bridget Burns
- Leslie Lehmann
- Henry Lorenzen
- Rachel Pilliod (arrived at 10:07 a.m.)
- Geri Richmond
- Don VanLuvanee
- Phyllis Wustenberg

Absent: Bill Williams (business conflict).

Chancellor’s Office staff present: Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Nancy Heiligman, Ben Rawlins, Bob Simonton, Virginia Thompson, and Susan Weeks.

Others: Dan Bernstine (PSU), Ron Bolstad (SOU), Bill Danley (IFS), Dixie Lund (EOU), Bob Nettles (OIT), Ed Ray (OSU), Darin Silbernagel (WOU).

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

2. **BOARD PRESIDENT’S REPORT**

President Lussier reported he did not have an update from the Governor’s Office on the status of the new Board member nominations. Also, it was not certain if there would be a meeting in January 2004.

3. **CHANCELLOR’S REPORT**

Chancellor Jarvis indicated that neither he nor the presidents had reports for the Board.
4. **PUBLIC INPUT**

No one requested an opportunity to address the Board.

5. **ACTION ITEMS**

a. **Tuition and Fee Recommendations, Residence Hall and Food Service Charges, Amendment to OAR 580-040-0035 2004 Summer Session Fee Book**

**DOCKET ITEM:**

*Tuition and Fee Background*

The tuition and fees, housing rates, and policies submitted for consideration relate to the 2004 summer session. There are separate tuition and fee structures for the regular academic year and continuing education programs. This fee book addresses mandatory enrollment fees including tuition, building, resource, incidental, and health fees. The housing section reflects contract policies and rates for dormitory housing.

Institutions have the authority to assess tuition on the current per credit hour basis or to align to the structure of the preceding academic year. Tuition for summer session has generally been assessed on a per-credit hour basis, without tuition plateaus for full-time students.

The Board approved tuition and fee rates for summer term 2003 in December 2002, and also authorized the campuses to assess summer term tuition surcharges comparable to any charged in spring 2003. In February 2003, the campuses reported to the Board on their needs for tuition surcharges for 2003 spring and summer terms to offset reductions in state General Fund support.

Due to the continued uncertainty regarding the final 2003-2005 budget, it is possible that additional changes will be needed in tuition and fees over the next year. If further changes are required, then staff will propose another administrative rule amendment to the Board in the spring.

**Definitions**

*Tuition:* Tuition supports the direct instruction and administrative costs of each institution’s summer session program. To determine the recommended tuition rates, institutions must balance the fiscal requirements of their summer session programs with market considerations, including tuition rates of competing education providers. Institutions are not required to make a residency determination for summer term but may choose to do so.

*Building Fee:* The building fee is the same for all institutions. Historically, the building fee charge for summer session has been approximately 75 percent of the academic year rate. For summer 2004, the rate will be $34 per student. ORS 351.170 allows OUS to assess up to $45 per student per term to finance debt service 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 fees have three forms: universal fees, assessed to all students; program fees, assessed to students admitted to particular academic programs; and one-time fees for first-term students. Students enrolled under the part-time student fee policy are subject to the resource fees appropriate to specific courses taken. New resource fees may be proposed by institutions for approval by the Board. Institutions have the option of assessing resource fees during the summer session at rates comparable to those assessed in the preceding academic year.

**Incidental Fee:** Incidental fee recommendations are generally made by student committees in accordance with a Board-approved incidental fee policy (OAR 580-010-0090) on each campus. In some instances, the student committee recommendations are supported by general campus student referenda. The funds generated by this fee are 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 each proposal, presidents submit recommendations to the Chancellor, who, after review, submits proposals to the Board. There are fewer incidental fee supported activities during the summer term, resulting in significantly lower rates than those assessed during the academic year.

**Health Services Fee:** This fee is used to support each institution’s student health services, which are operated similarly to auxiliary services. Generally, rate increases reflect the institutions' efforts to maintain the self-support nature of these services. Optional health insurance policies are also made available by some institutions. During summer sessions, student health services operations function at reduced levels or are not provided at all. The recommended rates reflect these lower levels of activity.

**Fee Setting Process**

The summer session tuition and fees proposed in the staff recommendation were the results of institutional decision-making processes. These include institution administration and student committee deliberations or student referendum/initiative. Summer session tuition and fees are recommended by each institution president for approval by the Board.

The various fee proposals submitted by each institution undergo a review by the Chancellor's staff for compliance with state statutes, Legislative direction, and Board policy. The 2003 Legislature adopted the following Budget Note regarding tuition and fees for the 2003-2005 biennium:

> “The approved budget, except for a reduction in Other Funds expenditures to reflect the reduction in employer contribution rates for the Public Employees Retirement System (PERS), accommodates tuition and fee revenue projected under the rate structure approved by the State Board of Higher Education for the 2003-04 academic year, and the rates proposed for the 2004-05 academic year. The Subcommittee expects that the Board will not increase rates on tuition and other fees that generate funds for the Education and General limited budget..."
beyond these levels, if the General Fund appropriation to the Department is not reduced after adjournment of the 2003 regular legislative session. The Subcommittee notes that the Emergency Board may increase the Other Funds expenditure limitation for the Education and General program if enrollment levels exceed those currently projected. The Subcommittee further notes that resource fee (including energy surcharge fee) revenue in the approved budget totals 8.6% of gross tuition revenue. The Subcommittee expects the Department to limit resource fee revenue to no more than 8.6% of gross tuition revenue.”

**Summary of Changes and Recommendations**

The following table compares the proposed tuition and fee rates with the 2003 Summer Session rates for full-time undergraduate students enrolled for 12 credit hours.

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>$1,273</td>
<td>$1,142</td>
<td>$1,027</td>
<td>$1,080</td>
<td>$1,123</td>
<td>$1,142</td>
<td>$1,032</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>$1,273</td>
<td>$1,142</td>
<td>$1,027</td>
<td>$4,212</td>
<td>$1,123</td>
<td>$1,682</td>
<td>$1,032</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>50</td>
<td>48</td>
<td>60</td>
<td>60</td>
<td>50</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>Building</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Incidental</td>
<td>32</td>
<td>40</td>
<td>99</td>
<td>100</td>
<td>42</td>
<td>36</td>
<td>39</td>
</tr>
<tr>
<td>Health</td>
<td>92</td>
<td>80</td>
<td>56</td>
<td>69</td>
<td>36</td>
<td></td>
<td>33</td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td><strong>Total Fees</strong></td>
<td>$116</td>
<td>$122</td>
<td>$285</td>
<td>$279</td>
<td>$182</td>
<td>$189</td>
<td>$166</td>
</tr>
<tr>
<td><strong>Total Tuition and Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>$1,389</td>
<td>$1,264</td>
<td>$1,312</td>
<td>$1,359</td>
<td>$1,305</td>
<td>$1,331</td>
<td>$1,198</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>$1,389</td>
<td>$1,264</td>
<td>$1,312</td>
<td>$4,491</td>
<td>$1,305</td>
<td>$1,871</td>
<td>$1,198</td>
</tr>
</tbody>
</table>

Percent Increase over Prior Year Summer Session

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>7%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
<td>9%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>7%</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
<td>9%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>0%</td>
<td>17%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Building</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Incidental</td>
<td>0%</td>
<td>0%</td>
<td>14%</td>
<td>0%</td>
<td>-1%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Health</td>
<td>5%</td>
<td>60%</td>
<td>3%</td>
<td>1%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Tuition and Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>7%</td>
<td>6%</td>
<td>2%</td>
<td>3%</td>
<td>9%</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>7%</td>
<td>6%</td>
<td>2%</td>
<td>1%</td>
<td>9%</td>
<td>1%</td>
<td>0%</td>
</tr>
</tbody>
</table>

*Excludes Resource Fees. Amounts are rounded to nearest dollar.*
The table below compares the proposed tuition and fee rates with the 2003 Summer Session rates for full-time graduate students enrolled for nine credit hours.

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tuition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>$1,578</td>
<td>$1,855</td>
<td>$1,384</td>
<td>$2,196</td>
<td>$1,765</td>
<td>$1,471</td>
<td>$1,746</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>1,578</td>
<td>1,855</td>
<td>1,384</td>
<td>4,095</td>
<td>1,765</td>
<td>1,876</td>
<td>1,746</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>$38</td>
<td>$40</td>
<td>$45</td>
<td>$63</td>
<td>$44</td>
<td>$40</td>
<td>$45</td>
</tr>
<tr>
<td>Building</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>34</td>
</tr>
<tr>
<td>Incidental</td>
<td>32</td>
<td>40</td>
<td>94</td>
<td>100</td>
<td>42</td>
<td>36</td>
<td>39</td>
</tr>
<tr>
<td>Health</td>
<td>92</td>
<td>80</td>
<td>56</td>
<td>69</td>
<td>33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Total Fees</td>
<td>$104</td>
<td>$114</td>
<td>$265</td>
<td>$282</td>
<td>$176</td>
<td>$189</td>
<td>$151</td>
</tr>
</tbody>
</table>

**Total Tuition and Fees**

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
<td>$1,682</td>
<td>$1,969</td>
<td>$1,649</td>
<td>$2,478</td>
<td>$1,941</td>
<td>$1,660</td>
<td>$1,897</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>1,682</td>
<td>1,969</td>
<td>1,649</td>
<td>4,377</td>
<td>1,941</td>
<td>2,065</td>
<td>1,897</td>
</tr>
</tbody>
</table>

**Percent Increase over Prior Year Summer Session**

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OIT</th>
<th>OSU</th>
<th>PSU</th>
<th>SOU</th>
<th>UO</th>
<th>WOU</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>-10%</td>
<td>28%</td>
<td>0%</td>
<td>0%</td>
<td>14%</td>
<td>0%</td>
<td>12%</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>-10%</td>
<td>28%</td>
<td>0%</td>
<td>6%</td>
<td>14%</td>
<td>0%</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Building</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Incidental</td>
<td>0%</td>
<td>0%</td>
<td>9%</td>
<td>0%</td>
<td>-1%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Health</td>
<td>5%</td>
<td>60%</td>
<td>3%</td>
<td>1%</td>
<td>3%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Tuition and Fees</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residents</td>
<td>-9%</td>
<td>26%</td>
<td>1%</td>
<td>2%</td>
<td>13%</td>
<td>1%</td>
<td>12%</td>
</tr>
<tr>
<td>Nonresidents</td>
<td>-9%</td>
<td>26%</td>
<td>1%</td>
<td>7%</td>
<td>13%</td>
<td>1%</td>
<td>12%</td>
</tr>
</tbody>
</table>

*Excludes Resource Fees. Amounts are rounded to nearest dollar.

In addition to the tuition and fees listed above, the following programmatic resource fees may be assessed to specific student groups during summer session. These fees are at the academic year 2003-04 rates:

<table>
<thead>
<tr>
<th>Programmatic Resource Fees</th>
<th></th>
<th></th>
<th>Change from Summer 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU Matriculation Fee (one time - all new and transfer students)</td>
<td>$100</td>
<td>$100</td>
<td></td>
</tr>
<tr>
<td>OIT Matriculation Fee (one time - all new and transfer students)</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>OSU Engineering ($43 per credit hour up to $430 per term)</td>
<td>430</td>
<td>430</td>
<td>+$28/hr $280/term</td>
</tr>
<tr>
<td>Pre-engineering ($19 per credit hour up to$192 per term)</td>
<td>192</td>
<td>192</td>
<td>+$92 per term</td>
</tr>
<tr>
<td>MBA Students ($35 per credit hour up to $350 per term)</td>
<td>350</td>
<td>350</td>
<td></td>
</tr>
<tr>
<td>Business Admin ($13 per credit hour up to $130 per term)</td>
<td>130</td>
<td>130</td>
<td>+$30 per term</td>
</tr>
</tbody>
</table>
**Programmatic Resource Fees**

<table>
<thead>
<tr>
<th></th>
<th>UG</th>
<th>Grad</th>
<th>Change from Summer 2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Art</td>
<td>100</td>
<td>100</td>
<td>New</td>
</tr>
<tr>
<td>Interdisciplinary Studies</td>
<td>35</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>Educational Resources</td>
<td>50</td>
<td>50</td>
<td>New</td>
</tr>
<tr>
<td>Matriculation Fee (one time - all new and transfer students)</td>
<td>300</td>
<td>175</td>
<td>+$150ug +$25 grad</td>
</tr>
<tr>
<td>PSU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MBA Students ($35 per credit hour up to $350 per term)</td>
<td>350</td>
<td></td>
<td>+$20/hr. +$200/term</td>
</tr>
<tr>
<td>Business Admin ($10 per credit hour up to $100 per term)</td>
<td>100</td>
<td></td>
<td>+$5/hr. +$50/term</td>
</tr>
<tr>
<td>Engineering ($25 per credit hour up to $250 per term)</td>
<td>250</td>
<td>250</td>
<td>+$8/hr. +$80/term</td>
</tr>
<tr>
<td>Computer Science ($25 per credit hour up to $250 per term)</td>
<td>250</td>
<td>250</td>
<td>New</td>
</tr>
<tr>
<td>Fine &amp; Performing Arts ($5 per credit hour up to $50 per term)</td>
<td>50</td>
<td>50</td>
<td>New</td>
</tr>
<tr>
<td>Speech &amp; Hearing Sciences</td>
<td>250</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>Matriculation Fee (one time - all new and transfer students)</td>
<td>150</td>
<td>150</td>
<td>+$50/term</td>
</tr>
<tr>
<td>SOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident MBA ($11 per credit hour up to $100 per term)</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>Non Resident MBA($17 per credit hour up to $150 per term)</td>
<td>150</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>Master of Management ($20 per credit hour up to $160 per term)</td>
<td>160</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>School of Science</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>School of Business</td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MA in Teaching ($15 per credit hour up to $120 per term)</td>
<td>120</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Master of Applied Psychology:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mental Health Counseling ($37 per credit hour up to $333/term)</td>
<td>333</td>
<td>333</td>
<td></td>
</tr>
<tr>
<td>Matriculation Fee (one time - all new and transfer students)</td>
<td>125</td>
<td>125</td>
<td>+$50/term</td>
</tr>
<tr>
<td>UO</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Law School ($206 per credit hour)</td>
<td>1,858</td>
<td>1,858</td>
<td>+$26/hr +$234/term</td>
</tr>
<tr>
<td>Matriculation Fee (one time - all new and transfer students)</td>
<td>250</td>
<td>150</td>
<td></td>
</tr>
<tr>
<td>WOU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Matriculation Fee (one time - new and transfer students)</td>
<td>90</td>
<td></td>
<td>+$5/term</td>
</tr>
</tbody>
</table>

---

**Room and Board Rates**

Summer Session room and board accommodations on each campus vary according to the need and demand. They may include rates by day, week, multi-week, or term. A combined room and board rate is usually offered, as well as rates for room only, board only, and conference activities. Rates are generally comparable to those for individual terms of the academic year. Student housing facilities operate as auxiliary enterprises and are to be wholly self-supporting.

**Comparison of Basic Residence Hall Rates, Summer 2003 to 2004**

The following are comparative samples of board and room rates for a basic dorm room with double occupancy. Each institution offers a variety of room and meal options at rates above and below these listed. The rates shown exclude Portland State University, where College Housing Northwest, Inc., operates the residence halls and establishes the rates as specified in a service contract. The rates require preliminary review and approval by Portland State University officials before becoming effective.

<table>
<thead>
<tr>
<th>Housing Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contract Type</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>EOU Per Week</td>
</tr>
<tr>
<td>OIT Eight Week–Double (room only)</td>
</tr>
<tr>
<td>OSU Eight Week–Double</td>
</tr>
<tr>
<td>SOU Eight Week–Multiple</td>
</tr>
<tr>
<td>Contract Type</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>UO Eight Week–Multiple</td>
</tr>
<tr>
<td>WOU Eight Week–Multiple</td>
</tr>
</tbody>
</table>

**Public Hearing**

A public hearing was conducted on November 24, 2003, at 10:00 a.m. in Room 358 of Susan Campbell Hall on the University of Oregon campus concerning the 2004 Summer Session Fee Book. No testimony was presented at the hearing and no written testimony has been submitted.

**Staff Recommendation to the Committee**

The staff recommended that the Board approve the proposed 2004 summer session tuition and fees and related policies. Specifically, staff recommended that the Board amend OAR 580-040-0035 as follows:

(Underlined material is added; brackets denote deletion.)

**Summer Session Fee Book OAR 580-040-0035**

The document entitled "Summer Session Fee Book 2004" dated December 19, 2003, [December 20, 2002] is hereby amended by reference as a permanent rule. All prior adoptions of summer session fee documents are hereby repealed except as to rights and obligations previously acquired or incurred thereunder.

Through the OAR amendment, the Board adopts the document entitled Summer Session Fee Book 2004. The Chancellor will be permitted to authorize minor clerical adjustments to the final document, if necessary.

**BOARD DISCUSSION AND ACTION:**

Nancy Heiligman, Assistant Vice Chancellor for Budget Operations, presented the summer tuition and fees proposal. She advised that, based on their own internal decision-making processes and after consulting with student groups, the campuses recommended the proposed fees to the Chancellor’s Office for submission to the Board for approval.

Ms. Heiligman noted that because revenues are still uncertain for this biennium and the possible defeat of the proposed tax reform in February, staff might propose additional changes to the Board in the spring. However, campuses are currently considering alternative contingency plans in the event that the tax proposal is not successful.

Director VanLuvanee asked if the current tuition and fee proposal is based upon the assumption that the tax increase will be approved in the next year. This was affirmed and Ms. Heiligman added that if the surcharge is defeated and if there is not additional tax revenue available, there is a possibility that staff would request additional changes in the tuition for the spring and summer.
Ms. Heiligman explained that the full-time undergraduate tuition is based on 12 credit hours for summer term. Proposed increases range from zero to 9 percent, with the majority of the campuses requesting no tuition increase for summer term. For the related fees, there are a few changes; generally, increased rates are directly proportional to increased services or a different mix of services than were offered during summer 2003. For example, at PSU the large increase in health fees ($80 for summer term) is based on an addition to their basic insurance policy for the summer term. Additionally, the building fee has increased from $26 last year to $34 this year (a 31 percent increase). The building fee is the only fee that is limited in statute ($45 for the academic year and 75 percent of that for the summer term).

Full-time graduate tuition rates are based on nine credit hours, and range from a proposed decrease of 10 percent at Eastern to a requested increase of 28 percent at OIT. Of note is the fact that, for all of the campuses that are requesting an increase in tuition, these increases are for the purpose of bringing summer term fees in line with the academic year graduate tuition rates.

Resource fee changes reflect changes that were effective during the 2003-04 academic year, and remain in effect for the 2004 summer term. Housing rates increased from zero to 4 percent, and are based on the requirement to ensure the housing program is self-supporting. In response to Director VanLuvanee noting that PSU did not list housing rates, Ms. Heiligman advised that PSU currently contracts with an independent company for housing and that contract sets the housing rates. In the past, these rates have not been approved by the Board, but it is expected in the future that, as PSU transitions into providing their own housing programs, the Board will also be approving their housing rates. Director VanLuvanee stated he would prefer to see PSU's housing rates included in future fee proposals, even if footnoted that the rates are contracted.

Director Wustenberg asked what determines that the building fee, or any fee, is mandated by statute. Ms. Heiligman answered that the building fee is the only fee that is set in statute, allowing the System to charge up to $45 per term for this fee. The building fee is, therefore, the only fee that is pooled Systemwide and then distributed for Board-approved campus building projects. All other tuition and fee rate setting is delegated by the legislature to the Board of Higher Education.

Director Barnett asked why there was a large increase in the health fee at PSU. The response was that it was due to both an increased health benefit and an increase in health services provided to summer term students. The largest part of that, about $20 of the increase, is health insurance that was previously not available to summer term students.

Director Lehmann asked if the Board can assume that since no one presented testimony at the public hearing that people, if not supportive of this, are at least accepting of the proposed fees. Director Pilliod advised that she contacted Oregon Student Association to ask if they wanted to provide further testimony and to express
their views about the proposed fee structure. The OSA indicated that they were supportive of the proposed increases.

**BOARD ACTION:**

Director VanLuvanee moved and Director Wustenberg seconded the motion to approve the proposed 2004 summer session tuition and fees and the amendment of Oregon Administrative Rule 580-040-0035. A roll call vote resulted in the following voting in favor: Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, VanLuvanee, Wustenberg, and Lussier. Those voting no: none.

**b. Resolution for the Sale of Article XI-G and Article XI-F(1) Bonds**

**DOCKET ITEM:**

<table>
<thead>
<tr>
<th>January 2004 Bond Sale for Capital Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five Campuses Served—13 Individual Projects and Five Systemwide Allocation Programs</td>
</tr>
<tr>
<td>All Projects to be Approved by the Board and Legislative Assembly Prior to Sale Date</td>
</tr>
<tr>
<td>A total of $101,982,520 Recommended for Sale</td>
</tr>
</tbody>
</table>

**Summary**

Staff recommended the Board request the State Treasurer to issue $13,519,853 of bonds for construction projects under authority of Article XI-G of the Oregon Constitution and $88,462,667 of bonds under authority of Article XI-F(1) of the Oregon Constitution. This sale is currently scheduled to be held in January 2004. The total sale requested is for $101,982,520. Eleven of the 13 projects included in this sale were contained in the Board’s authorized capital construction request for higher education proposed for the 2003-2005 biennium in the 2003 Legislative Session.

**Staff Report to the Board**

**Background:**

The 2003 Legislative Assembly authorized the Board of Higher Education to issue general obligation bonds in specified amounts, by fiscal year, with the proceeds to be used to finance capital construction and facilities repair and renovation projects in higher education. These bonds were authorized under two sections of the Oregon Constitution, Article XI-G and Article XI-F(1).

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

- EOU Regional Agricultural, Health, and Life Sciences Building
- OUS Systemwide Academic Modernization and Capital Repair

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


Request for Board Authorization to Issue. The institutions are now seeking authorization from the Board to issue a total of $101,982,520 in bonds, as part of a sale currently planned by the State Treasurer for January 2004. Of this amount, a total of $13,519,853 is requested in Article XI-G bond authorization and a total of $88,462,667 in Article XI-F(1) bond authorization. All projects to be financed by these bonds will have been authorized by the State Legislature or the Emergency Board of the State Legislature prior to the sale date.

Bond issuance costs estimated at 2 percent ($1,769,253) will be charged against each project for which bonds are sold under this sale. Prior to sale, the Board’s bond counsel may designate a portion of the sale as taxable, owing to space utilization by private entities in the projects to be financed under this sale. At present, there are no private uses in this sale.

Tables A and B, following, summarize the total requests by type of bond. Summary information on the 13 individual campus projects and the five Systemwide allocation programs was provided in a supplement to this document.

Resolution:
The resolution before the Board authorized staff to pursue the sale of bonds for all projects currently identified by the campuses as needing bond funding consistent with the overall bond limitation imposed by the Legislature for the period 2003-2005. With
this sale, a total of **$13,519,853** of Article XI-G bonds and **$88,462,667** of Article XI-F(1) bonds will have been sold during the biennium.

---

**RESOLUTION**

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

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

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

WHEREAS, House Bill 3446, Chapter 741, Oregon Laws 2003, establishes Oregon Constitution limitations on the amount of bonds that may be sold pursuant to Articles XI-G and XI-F(1) for the 2003-2005 biennium; and

WHEREAS, Senate Bill 5028, Chapter 725, Oregon Laws 2003; and Senate Bill 5525, Chapter 845, Oregon Laws 2001, lists those projects that may be financed pursuant to Articles XI-G and XI-F(1) of the Oregon Constitution; and

WHEREAS, it is appropriate for this Board to authorize the State Treasurer to issue bonds for projects authorized by Senate Bill 5028 and in amounts not greater than authorized by House Bill 3446 and for other projects as may be provided by law and as otherwise required by law for the 2003-2005 biennium without requiring further action of this Board;

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

Section 1. Issue. The State of Oregon is authorized to issue general obligation bonds (the "Bonds"), in such series and principal amounts as the State Treasurer, after consultation with the Senior Vice Chancellor for Finance and Administration of the Department of Higher Education, shall determine are required to fund projects authorized by Oregon law. (for the 2003-2005 biennium). The Bonds shall be designated, dated, authenticated, registered, shall mature, shall be in such denomination, shall bear such interest, be payable, be subject to redemption, and otherwise contain such terms as the State Treasurer determines, including the designations as Oregon Baccalaureate Bonds, after consultation with the Senior Vice Chancellor for Finance and Administration. The maximum net effective interest rate for the Bonds shall not exceed 10 percent per annum.
Section 2. Article XI-F(1) Projects. Bonds are authorized to be sold to provide funds to pay the cost of issuance of the bonds and for projects as may be authorized by the Oregon Legislature and as may be revised by the Senior Vice Chancellor for Finance and Administration as authorized by Oregon law.

**Table A - Article XI-F(1) Projects Recommended for the January 2004 Bond Sale**

<table>
<thead>
<tr>
<th>Article XI-F(1) Projects</th>
<th>Estimated Bond Cost, with 2% Issuance Cost</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systemwide: Academic Modernization and Repair</td>
<td>$10,000,000</td>
<td>30 Years ($5,000,000) $15 Years ($5,000,000)</td>
</tr>
<tr>
<td>Systemwide: Small Capital Projects</td>
<td>6,000,000</td>
<td>15 Years</td>
</tr>
<tr>
<td>Systemwide: Miscellaneous Small Projects (to be repaid by Student Building Fee)</td>
<td>3,000,000</td>
<td>20 Years</td>
</tr>
<tr>
<td>Systemwide: Project Reserves</td>
<td>2,612,667</td>
<td>30 Years</td>
</tr>
<tr>
<td>OSU: College Inn Renovation/Replacement</td>
<td>1,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>OSU: Residential Infrastructure Upgrade/Replacement</td>
<td>3,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>PSU: Athletic Arena</td>
<td>1,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>PSU: DoubleTree Inn (formerly: Comb. Housing/Parking Structure)</td>
<td>20,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>PSU: Doubletree Inn (formerly: Housing, Phase I)</td>
<td>5,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>PSU: Helen Gordon Child Care Rehabilitation, Phase II</td>
<td>3,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>PSU: Ondine Conversion to Dorm/Conference Center</td>
<td>6,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>PSU: Peter Stott Center Student Recreation &amp; Fitness Improvements</td>
<td>4,100,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>PSU: Smith Memorial Student Union Renovations &amp; Code Compliance</td>
<td>6,250,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>SOU: Stevenson Union Addition</td>
<td>5,500,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>UO: Living Learning Center</td>
<td>8,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td>UO: University Housing Campus Apartments</td>
<td>4,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td><strong>TOTAL XI-F(1) Projects</strong></td>
<td><strong>$88,462,667</strong></td>
<td><strong>NA</strong></td>
</tr>
</tbody>
</table>

Section 3. Article XI-G Projects. Bonds are authorized to be sold to provide funds for projects as may be authorized by the Oregon Legislature and as may be revised by the Senior Vice Chancellor for Finance and Administration as authorized by Oregon law.

**Table B - Article XI-G Projects Recommended for the January 2004 Bond Sale**

<table>
<thead>
<tr>
<th>Article XI-G Projects</th>
<th>Estimated Bond Cost</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systemwide: Academic Modernization &amp; Repair</td>
<td>$12,519,853</td>
<td>30 Years</td>
</tr>
<tr>
<td>Article XI-G Projects</td>
<td>Estimated Bond Cost</td>
<td>Term</td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>---------------------</td>
<td>-------</td>
</tr>
<tr>
<td>EOU: Regional Agricultural, Health, &amp; Life Sciences Building</td>
<td>1,000,000</td>
<td>30 Years</td>
</tr>
<tr>
<td><strong>TOTAL XI-G Projects</strong></td>
<td><strong>$13,519,853</strong></td>
<td><strong>NA</strong></td>
</tr>
</tbody>
</table>

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

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

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

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

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

**Staff Recommendation to the Board:**
Staff recommended the Board: 1) find that the projects for which Article XI-F(1) bonds are proposed meet the self-liquidating and self-supporting requirements of Article XI-F(1), Section 2, of the Oregon Constitution; and 2) adopt the following resolution authorizing the sale of Article XI-G and Article XI-F(1) bonds.

**BOARD DISCUSSION:**
Robert Simonton, Director, Capital Construction, Planning, and Budgeting, briefed the Board on the January 2004 Bond Sale. He stated that the legislative assembly authorized the Board to issue General Obligation bonds to finance capital construction projects approved during the 2003 legislative session.
OUS is authorized to issue two types of bonds as defined in the Oregon Constitution as Article XI-F(1) and Article XI-G. The XI-F bonds are for projects that are self-supporting and therefore require a revenue stream to repay that debt service. Of those bonds, four Systemwide and 12 campus projects are proposed, totaling approximately $88.5 million.

Article XI-G bonds are used for state-supported construction and repair projects, with the debt service for these bonds supported within the OUS operating budget. These bonds must include a one-for-one match of General Fund or gift funds prior to their sale. Two projects were listed in the docket; however, due to an omission in the capital construction bill, the $1 million sale for Eastern’s science building has been postponed. An emergency reserve account will be used to fund that project until the legislation can be adopted to permit the sale. The remaining $12.5 million of G-bonds will be used for Systemwide capital repair projects and the funds are allocated to each campus based on their total Education and General funding allocation.

With the postponement of the EOU project, the revised sale total will be $100,982,520.

Director Wustenberg noted that a recent news article mentioned that the State Treasurer announced the Oregon bond rating is going to fall once again. She asked what impact the decreased interest rates would have on the proposed bond sale. Mr. Simonton advised that any time the bond ratings are lower, potential investors may decide not to invest and the interest rates could rise. However, experience during the past year or so indicates interest rates have been roughly 5 percent and this is projected for the January 2004 bond sale.

Director Wustenberg asked for clarification on what determines a Systemwide project. Mr. Simonton responded that Systemwide projects have expenditure limitation granted by the legislature that allows OUS to perform smaller projects, each under $1 million, without having to obtain legislative approval. These projects typically involve repairs and modernization—which translates into roughly about 80 projects per biennia of this type. Continuing, Director Wustenberg asked what type of Systemwide projects are proposed at this time. Mr. Simonton indicated that of the $500 million in deferred maintenance backlog projects, $10 million are projects involving housing and dining facilities. After study of the backlog, it was determined these housing and dining facility projects were of a higher priority.

BOARD ACTION:
Director VanLuvanee moved and Director Wustenberg seconded the motion to approve the proposed January 2004 bond sale. A roll call vote resulted in the following voting in favor: Directors Barnett, Burns, Lehmann, Lorenzen, Pilliod, Richmond, VanLuvanee, Wustenberg, and Lussier. Those voting no: none.

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

President Lussier read the statement pertaining to delegation of authority to the Board’s Executive Committee:
“Pursuant to Article II, Section 5 of the Bylaws of the Board of Higher Education, the Board delegates to the Executive Committee authority to take final action as here designated or deemed by the Committee to be necessary, subsequent to the adjournment of this meeting and prior to the Board’s next meeting, which is scheduled for February 21, 2003. The Executive Committee shall act for the Board in minor matters, and in any matter where a timely response is required prior to the next Board meeting.”

Board members agreed to the delegation of authority as stated.

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

The Board meeting adjourned at 10:26 a.m.

Virginia L. Thompson
Secretary to the Board

Neil Goldschmidt
President of the Board
1. **Call to Order/Roll Call**

The Board Secretary called the meeting to order at 10:05 a.m.

Board members in attendance:
- Donald Blair
- Bridget Burns
- Kirby Dyess
- Neil Goldschmidt
- Henry Lorenzen
- Howard Sohn
- Tim Nesbitt
- Rachel Pilliod
- Geri Richmond
- John von Schlegell
- Gretchen Schuette

System Administration staff: Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Grattan Kerans, Ben Rawlins, Marcia Stuart, Virginia Thompson, and Susan Weeks.

Others: Meeting attendees also included other institution representatives, members of the System Administration staff, and interested observers.

2. **Election of Officers**

Director Goldschmidt welcomed the Board members to the first official meeting of the Board.

Board Secretary Virginia Thompson stated that it would be appropriate for Director Goldschmidt to chair the meeting.

Director Goldschmidt asked for a motion to elect himself as president and Director Geri Richmond as vice president.

Director Schuette made a motion to elect Director Goldschmidt president and Director Richmond as vice president.

The following voted in favor of the motion: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: none. Motion passed.

President Goldschmidt explained that the Board’s bylaws specify that there should be five directors on the Executive Committee. “My suggestion for the Executive Committee at this point,” President Goldschmidt explained, “are Geri Richmond and me, as the
officers of the Board, Don Blair, and Henry Lorenzen, both of whom have agreed to serve on the Finance/Budget/Audit/Real Estate/Personnel Committee that will be a standing committee of the Board.” He went on to explain that he would identify a fifth member later when the remainder of the workload of the Board members has been assessed.

Director von Schlegell moved that the Board support the nomination of Directors Blair and Lorenzen to join Directors Goldschmidt and Richmond on the Executive Committee.


3. GENERAL DISCUSSION

A brief discussion of Board organizational matters followed. It was agreed that Board members would verify that information to be used on the confidential roster was complete and accurate and, if members were willing, it would include home and cell phone numbers. The length of Board meetings was also reviewed and it was generally agreed that the meetings would start late in the afternoon on the designated Thursday, and go until finished on Friday, even as late as 4:00 p.m. if the time were well used. For the February meeting, it was agreed that the UO president’s conversation with the Board would occur on Thursday evening following the dinner and the presentation from OIT President Dow would be scheduled for Friday morning.

Director Nesbitt asked if the Board would be discussing the impact of Measure 30 if it failed. President Goldschmidt indicated that at the time it is likely that a notification would go to all employees in the System office if the measure fails. He indicated that it would be a good idea to have someone from the Governor’s staff visit with the Board about Governor Kulongoski’s plans if the measure were defeated.

President Goldschmidt thanked all for the members again for their willingness to serve on the Board and work on the Governor’s higher education agenda.

4. ADJOURNMENT

Meeting adjourned at 10:20 a.m.

Virginia L. Thompson
Secretary to the Board

Neil Goldschmidt
President of the Board