THURSDAY, MAY 6, 2004

- 3:00-4:30 p.m. Excellence in Delivery and Productivity Working Group (Hoke Main Lounge, Hoke College Center)
- 5:00-6:15 p.m. Presidents’ Conversation with the Board: Eastern Oregon University presentation /Community Forum (Huber Auditorium, New Science Center-Badgley Hall) ......................... 1
- 6:15-7:00 p.m. Reception (Badgley Hall Gallery, New Science Center-Badgley Hall)
- 7:00 p.m. Dinner (Loso Lobby, Loso Hall)

FRIDAY, MAY 7, 2004

FINANCE/BUDGET/AUDIT/PERSONNEL/REAL ESTATE COMMITTEE
EASTERN OREGON UNIVERSITY
HOKE MAIN LOUNGE, HOKE COLLEGE CENTER
7:30 – 9:15 A.M.

1. CALL TO ORDER/ROLL CALL

2. APPROVAL OF MINUTES ................................................................. 57
   - FBAPRE Committee Meeting, April 2, 2004

3. CONSENT ITEM
   a. OSU, College Inn Lease ................................................................. 5
      OSU seeks to enter into a legal agreement with College Housing Northwest—Corvallis LLC, in partnership with Lorig Associates, LLC, to develop, finance, construct, and operate The College Inn student housing complex.

4. REPORT ITEMS
      The Board reviews university Capital Construction projects on a biennial basis and forwards a request to the Governor for his consideration.

   b. Impacts of Measure 30 Reductions ............................................... 13
      HB 5077, Section 89, passed by the 2003 Legislature, provides that, in the event the tax surcharge as referred to the voters in Measure 30 fails at the polls, the OUS 2003-2005 Biennial General Fund appropriation will be reduced by $7,515,480. Campuses have provided information as to how the reduction will be applied.
FRIDAY, MAY 7, 2004
REGULAR MEETING OF THE BOARD OF HIGHER EDUCATION
EASTERN OREGON UNIVERSITY
HOKE MAIN LOUNGE, HOKE COLLEGE CENTER
9:30 A.M. – 12:00 P.M.

AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. PRESIDENTS’ CONVERSATION WITH THE BOARD: WESTERN OREGON UNIVERSITY .......... 21

3. APPROVAL OF MINUTES ................................................................. 53
   • Special Board Meeting, March 31, 2004
   • Executive Session Meeting, March 31, 2004
   • Regular Board Meeting, April 2, 2004
   • Executive Committee Meeting, April 15, 2004

4. ACTION ITEMS
   
   • Full Board
     a. Proposed Administrative Rule on Transfer of Sick Leave (OAR 580-021-0041) (roll call vote) .................................................................................................................. 31
        This rule, requested by the Department of Administrative Services, will allow exiting OUS employees to transfer accumulated, unused sick leave to hiring agencies of the state of Oregon.
     b. Chancellor’s Office Restructuring

5. CONSENT ITEMS
   
   a. OSU, College Inn Housing ..................................................................................... 5
      OSU seeks to enter into a legal agreement with College Housing Northwest—Corvallis LLC, in partnership with Lorig Associates, LLC, to develop, finance, construct, and operate The College Inn student housing complex.
   b. Honorary Degree ..................................................................................................... 33
      OSU requests Board authorization to award an honorary degree at their spring Commencement ceremony.

6. REPORT ITEMS
   
      Program changes and policy initiatives that require an increase in the Agency Request Budget are submitted to DAS as Policy Package requests. Four concepts have been submitted to date.
b. 2005 Legislative Concepts (filed as placeholders on April 15, 2004).......................... 43
   Provided for information only.

c. Status of the Western Undergraduate Exchange Program...................................... 49
   Provided for information only.

d. Standing Committees
   i. Finance/Budget/Audit/Personnel/Real Estate (Don Blair)

e. Working Groups
   i. Academic Excellence/Economic Development (Kirby Dyess)
   ii. Academic Programs
   iii. Access/Affordability (Tim Nesbitt)
   iv. Chancellor’s Office Review (Neil Goldschmidt)
   v. Excellence in Delivery & Productivity (Gretchen Schuette)

7. REPORTS
   • Interinstitutional Faculty Senate (IFS) President
   • Oregon Student Association (OSA) President

8. CHANCELLOR AND UNIVERSITY PRESIDENTS’ REPORT

9. PUBLIC INPUT

10. DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE

11. 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.
**Eastern Oregon University—Fast Facts**

May 7, 2004

**Students: Fall 2003**

- Fall 2003 Headcount 3,287 EOU 79,558 OUS 4.1%
- Total FTE enrollment 2,418 EOU 67,439 OUS 3.6%
- Undergraduates 3,041 EOU 64,516 OUS 4.7%
  - Percent 25 or older 42% EOU 23% OUS 8.5%
  - Percent part-time (<12 hours) 36% EOU 22% OUS 7.9%
- Graduates 246 EOU 15,042 OUS 1.6%
  - Masters, postbaccalaureate, non-admit 246 EOU 11,159 OUS 2.1%
  - Doctoral, first-professional 0 EOU 3,523 OUS 0.0%
- New undergraduate community college transfers 313 EOU 4,545 OUS 6.9%
- Ethnicity
  - African American 49 EOU 1,447 OUS 3.4%
  - American Indian 47 EOU 988 OUS 4.8%
  - Asian/Pacific Islander 120 EOU 5,306 OUS 2.3%
  - Hispanic/Latino 100 EOU 2,802 OUS 3.6%
  - White 2,707 EOU 58,467 OUS 4.6%
  - Unknown / Multiple Ethnicities 197 EOU 6,665 OUS 3.0%
  - Nonresident Alien 67 EOU 3,883 OUS 1.7%
- Total annual unduplicated headcount (2002-03) 5,332 EOU 107,626 OUS 5.0%

**Degrees: 2002-03**

- Total 587 EOU 15,199 OUS 3.9%
  - Associate 7 EOU 87 OUS 8.0%
  - Bachelor's 494 EOU 11,063 OUS 4.5%
  - Master's 86 EOU 3,433 OUS 2.5%
  - Doctoral 0 EOU 357 OUS 0.0%
  - First Professional 0 EOU 259 OUS 0.0%

**Tuition & Fees: 2003-04**

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

- Resident undergraduate $4,840
- Resident graduate 7,827
- Nonresident undergraduate 4,840
- Nonresident graduate 13,833

**Resident Undergraduate Student Budget, 2003-04**

Total = $13,552

- Personal Expenses $1,920
- Books & Supplies $1,017
- Tuition & Fees $4,840
- Room & Board $5,775
Faculty: 2003-04 (Full-Time Ranked Instructional) *

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Men</th>
<th>63%</th>
<th>Women</th>
<th>37%</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>87</td>
<td>55</td>
<td></td>
<td>32</td>
<td>37%</td>
</tr>
<tr>
<td><strong>Professor</strong></td>
<td>27</td>
<td>20</td>
<td>74%</td>
<td>7</td>
<td>26%</td>
</tr>
<tr>
<td><strong>Associate Professor</strong></td>
<td>25</td>
<td>13</td>
<td>52%</td>
<td>12</td>
<td>48%</td>
</tr>
<tr>
<td><strong>Assistant Professor</strong></td>
<td>29</td>
<td>19</td>
<td>66%</td>
<td>10</td>
<td>34%</td>
</tr>
<tr>
<td><strong>Instructor/Lecturer</strong></td>
<td>6</td>
<td>3</td>
<td>50%</td>
<td>3</td>
<td>50%</td>
</tr>
</tbody>
</table>

* Preliminary

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

|                      | Total, All Ranks | Professor | $71.4 | Associate Professor | $63.8 | Assistant Professor | $54.7 | Instructor/Lecturer | $44.9 |

Faculty and Staff: 2003-04

<table>
<thead>
<tr>
<th></th>
<th>EOU</th>
<th>OUS</th>
<th>EOU’s % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>356</td>
<td>12,096</td>
<td>2.9%</td>
</tr>
<tr>
<td><strong>Faculty</strong></td>
<td>110</td>
<td>5,658</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Executive/administrative</strong></td>
<td>8</td>
<td>412</td>
<td>1.9%</td>
</tr>
<tr>
<td><strong>Professional non-faculty</strong></td>
<td>93</td>
<td>2,486</td>
<td>3.7%</td>
</tr>
<tr>
<td><strong>Secretarial/clerical</strong></td>
<td>63</td>
<td>1,812</td>
<td>3.5%</td>
</tr>
<tr>
<td><strong>Technical/paraprofessional</strong></td>
<td>18</td>
<td>719</td>
<td>2.5%</td>
</tr>
<tr>
<td><strong>Skilled craft</strong></td>
<td>31</td>
<td>310</td>
<td>10.0%</td>
</tr>
<tr>
<td><strong>Services/maintenance</strong></td>
<td>33</td>
<td>699</td>
<td>4.7%</td>
</tr>
</tbody>
</table>

EOU OUS

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

Campus Facilities: 2003

- **Total all facilities** 26 757,184 gsf*
- **E&G facilities**
  - Percent built between 1960-1975 25%
  - Percent of E&G in deferred maintenance 5%
  (in millions)
- **Total current replacement value** $146
  - E&G plant 105
  - Auxiliary enterprises 31

*gsf = gross square feet

Current Project:
- New agricultural, health & life sciences center (Badgley Hall)

Facilities Needs:
- Classroom, lab modernization
- Code, deferred maintenance
- Student services remodel in Inlow Hall
- New library
- New classroom buildings (2)
- Grand staircase remodel
- New residence hall
FINANCE/BUDGET/AUDIT/PERSOEHNL/REAL ESTATE COMMITTEE
EASTERN OREGON UNIVERSITY
HOKE MAIN LOUNGE
MAY 7, 2004
7:30 – 9:15 A.M.

Table of Contents

APPROVAL OF MINUTES ................................................................. 57
• FBAPRE Committee Meeting, April 2, 2004

CONSENT ITEMS

OSU, College Inn Lease ........................................................................................................ 5
OSU seeks to enter into a legal agreement with College Housing Northwest—Corvallis LLC, in partnership with Lorig Associates, LLC, to develop, finance, construct, and operate The College Inn student housing complex.

REPORT ITEMS

2005-2007 Capital Construction Budget Review ......................................................... 11
The Board reviews university Capital Construction projects on a biennial basis and forward a request to the Governor for his consideration.

Impacts of Measure 30 Reductions .......................................................................... 13
HB 5077, Section 89, passed by the 2003 Legislature, provides that, in the event the tax surcharge as referred to the voters in Measure 30 fails at the polls, the OUS 2003-2005 Biennial General Fund appropriation will be reduced by $7,515,480. Campuses have provided information as to how the reduction will be applied.
Oregon State University – College Inn Housing

**Summary:**
Oregon State University (OSU) seeks Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to enter into a legal agreement with College Housing Northwest – Corvallis LLC (CHNWC), in partnership with Lorig Associates, LLC, to develop, finance, construct, and operate The College Inn student housing complex which will feature 231 apartment units (242 beds). The College Inn facility will be leased to College Housing Northwest, LLC, and will be operated and managed in accordance with OSU standards.

Board approval is being sought to modify the 2003-2005 Legislative Capital Budget, eliminating OSU’s capital project for The College Inn, with its corresponding approved limitation of $1 million Article XI-F(1) bonds and $11 million Other Funds.

**Staff Report to the Board:**

**Background**
In 1967, a private company built The College Inn, designed to meet the housing needs of upper-class students at OSU. The building is a concrete slab structure, with approximately 120,000 square feet on seven floors. During its operation, it provided residence hall style dining on the first floor, and a variety of rooms arranged in semi-private suites: single, double, and triple rooms, each with a shared bathroom. The residence hall was purchased by OSU in 1975, and was managed by a private company from 1975 to August 2001. From August 2001 until its closure in September 2002, OSU University Housing and Dining Services managed and operated the housing facility within its housing operations. It was closed in September 2002 due to a deteriorating infrastructure.

Replacement of the College Inn Residence Hall had been anticipated, with The College Inn project listed in the 2003-05 Legislative Capital Budget with approval for $1 million Article XI-F(1) bonds and $11 Other Funds legislative limitation. It is included in OSU housing plans, with feasibility studies designed to determine the best course for reopening the facility. As a result, OSU issued a Request for Proposal to establish the feasibility of renovating the College Inn or demolishing and replacing with quality student accommodations.

Preliminary schematic design work is currently underway. If approved by the Board in May of 2004, the project should be completed and open for fall term 2006.

**Analysis Factors**
OSU has diligently worked to reopen the facility by analyzing alternate choices to renovate the existing building, tear down and replace it with a new housing structure, or enter into an agreement to allow a private entity to renovate and operate the facility.
**Market** – Studio apartments are not available in the OSU vicinity and will be desirable and competitive within the market. Studio apartments work well with a conferencing program, satisfying a niche not currently filled at OSU for adult conference facilities. Projected student demand calls for studio apartments versus group bedroom unit facilities. It is also important to retain the ability to market the studios to faculty members and the general public if occupancy is low.

**Construction/Design** – It was determined that there is value in retaining the existing structure and infrastructure (such as HVAC), as it would be cost prohibitive to build a concrete building with affordable rents. OSU will be able to provide more amenities in the renovation, as the current space allows for larger public spaces, study spaces, living room/lounge spaces, and a possible coffee café. By leasing to a private entity, the renovation is more likely to have higher end finishes, with the potential for something unique, such as high window and ceiling heights and exterior window treatments throughout.

**Finance** – The conference and studio apartment revenue mix provides a more stable financing plan. Rents will be more affordable for the OSU student, also affording more privacy. There is also less risk of contaminated soils.

**Presentation of Need**
OSU is committed to retaining student housing for approximately 242 students at this site. The University believes that significant demand for student housing exists in this location given a quality renovation and competitive rates, and the studio apartment niche that its reconfiguration and operation would address.

OSU has sought and identified alternative methods of completing this project in order for the University to use its bonding authority to continue its aggressive residential renovation projects in the interior of campus. The proposed arrangement provides a financing plan with no initial capital outlay or ongoing financial subsidy by the University required, and which complies with applicable Oregon law and OUS and OSU rules, guidelines, and policies.

The absence of this residence would result in over 200 OSU students without housing forced to look outside in the Corvallis area. The majority of these students would be upper-class and graduate students, a population currently not well served with suitable housing choices on campus. In the case of graduate students, in particular, not having such housing readily available would result in losing a portion of these students to other universities. Conversations with City and County officials and residents has evidenced concern that these students might either overburden the affordable housing market within the city, and/or be forced to choose expensive (or alternatively, substandard) housing.

Surveys and feedback at OSU and nationwide (including an extensive survey of OSU students conducted in 2003) indicate a preference for housing types that vary from the traditional double room, “dormitory” style facilities prevalent at OSU. The redesign of
this student residence allows greater privacy for individual students, while providing a safe, convenient, community living environment.

The existing student residence is convenient to University facilities and services. With the renovation of this residence, there would be a total of approximately 4,000 students residing in University housing.

**Facility Information**

The facility will be maintained and operated by College Housing Northwest - Corvallis LLC, (CHNWC) in partnership with Lorig Associates, LLC. The facility will be primarily configured as studio style apartments with kitchenettes, located on an approximate 2.3 acre site, includes two parking lots, within the campus master plan. In this general vicinity (Kings and Monroe, in Corvallis), there currently are OSU academic buildings, commercial buildings along Monroe Street, and private residences on and around Kings Avenue. The College Inn is also within a relatively short walk of the east side OSU residential complex and McNary dining center, and the OSU administration building which contains many student services offices. A meal plan will not be required, although College Inn residents would be welcome to take their meals on a cash or debit basis in any of the OSU dining facilities, and could choose to purchase a meal plan if they wish.

As part of the OSU campus master plan, the renovated facility will include the following:

- Adequate parking to meet current code requirements
- Community center, offices, recreation, and group study areas
- On-site laundry facilities
- Outdoor recreation area and green space
- Basic apartment furnishings, such as a bed w/mattress, dresser, desk with chair, dining table with chairs, and other various seating
- Kitchenettes will include such items as cook-tops, refrigerators, microwaves, and garbage disposals
- Data, telephone, and TV cable connections in each bedroom
- Accommodations for live in staff and a faculty in residence
- OSU Housing standard program, activity, and staff training

**Terms of Proposed Transactions**

The facility will be funded with tax-exempt revenue bonds issued through the Tenant (CHNWC) in conjunction with their selected underwriter. The tax-exempt bonds will cover the costs of renovations. The tax-exempt bonds issued will have a 30-year term in order to keep tenant rents to a minimum.

The bond proceeds will be managed by CHNWC, an Oregon limited liability corporation. CHNWC, who will enter into a development agreement with Lorig Associates, LLC, a real estate development company. Lorig Associates, LLC will renovate the building according to agreed construction documents, with required performance bonds. The agreement will also require that the project be developed in compliance with the public works statutes.
CHNWC, or its designee, will enter into rental contracts with OSU students and retail lease agreements with first floor retail tenants. Student housing rents are currently estimated to be in the $550-$590 per month range, and cost saving value engineering and other efforts are underway to reduce these rents to provide the most affordable housing possible. Rent payments will be paid to CHNWC and will be deposited as required to 1) pay debt service on the bonds and 2) establish a reserve for operating expenses for the facility.

Subject to Board approval, OSU will enter into a cooperative agreement with CHNWC. Pursuant to this agreement, they will operate the building in accordance with OSU standards and requirements, throughout the 35-year term of the agreement following completion of the project. The building will be operated by CHNWC, although, with OSU approval, management may be subcontracted out either to a private party or back to OSU.

Project revenues remaining after payment of operating expenses, debt service, and management fees will be split as follows: 85 percent OSU, 15 percent CHNWC. OSU will have no legal liability for any project debt service payments, operating expenses, or other project costs. In effect, the terms of the agreements make the facility available for OSU's benefit in an "off-balance sheet" mode. CHNWC assumes all responsibility for project expenses and debt service and with no recourse against OSU or the State of Oregon.

Assistant Attorneys General with the Department of Justice have worked with OSU and the Chancellor's Office staff, ensuring that all terms and conditions outlined above are legally sufficient and are in compliance with applicable State and OUS regulations and procedures.

Staff Recommendation to the Board:
Staff recommends that the Board approve Oregon State University’s request to perform the following actions, assuming that all conditions are met and that the final details are agreed upon by all parties, subject to final approval by the Senior Vice Chancellor for Finance and Administration:

- Enter into a Ground Lease with College Housing Northwest - Corvallis, LLC, for a term of 35 years for the existing College Inn property, located at 155 NW Kings Blvd., Corvallis, Oregon.

- Enter into legal agreements with College Housing Northwest - Corvallis, LLC, to develop, finance, market, operate, and maintain the project during the term of the ground lease.
Staff recommends that the Board approve eliminating the OSU College Inn capital project from the 2003-2005 Legislative Capital Budget, with its corresponding approved limitation of $1 million F-bonds and $11 million Other Funds.

(Board action required.)
(This page intentionally left blank)
2005-2007 Capital Construction Budget Review

The Board reviews university Capital Construction projects on a biennial basis and forwards a request to the Governor for his consideration. The Governor reviews requests statewide and submits a request to the legislature based on his priorities and an assessment of available funding. Legislative approval of capital projects provides the university the authority to initiate projects, with timing dependent on available resources.

Process:
The Chancellor’s Office has established a process to review all capital projects and provides to the Board an inventory of all projects by university, by university priority, by fund source, and Systemwide priority. Each university will present a summary of requested projects with an emphasis on tax-supported projects or those funded by General Fund, Article XI-G Bonds, and Lottery Bonds. The Chancellor’s Office will present a summary of Systemwide priorities along with funding implications in June.

The determination of Systemwide priorities will be built on a number of criteria. Universities have developed requests based on master plans that are intermittently updated to reflect evolving enrollment management planning, program expansion, facility modernization requirements, and other student instructional and community demands. Generally, the number of projects sought in support of student/auxiliary programs such as residence halls, athletic facilities, dining facilities, bookstores, etc., greatly outnumber tax-supported facilities, which are dedicated to instructional and academic support programs. The focus will be greatest on tax-supported projects.

Funding: Sources and Capacity
The 2003-2005 Legislatively Adopted Capital Budget Request consisted of $44 million in approved tax supported bonds and approximately ten times that amount ($402 million) in authority for projects through student fees, donations, and gifts. A funding strategy for 2005-2007 based on projected state capacity and potential non-state resources will be discussed following campus presentations in June. Implications of the funding requests on state and university debt will be outlined.

System Evaluation and Establishing Priorities
The System will present at the June Board meeting, a list of projects prioritized across the System. As stated earlier, the list will focus on tax-supported projects. A set of criteria has been developed that will “measure” the relative merits of each. The following criteria represent the lens through which projects are viewed. Universities will be increasingly successful in competing for funding if they:

1) Address access/growth demand (more, faster)
2) Enhance program quality (better)
3) Support state/community priorities (better)
4) Increase energy efficiency, enhance sustainability (better)
5) Connect with community colleges (more, better, faster)
6) Reduce deferred maintenance backlog (better)
The Board will receive recommendations that address deferred maintenance backlogs (over $500 million) as a key priority in the overall request. It has become increasingly clear that modernizing existing facilities is imperative to maintain instructional and research quality and capacity.
Impacts of Measure 30 Reductions

House Bill (HB) 5077, Section 89, passed by the 2003 Legislature, provides that, in the event the tax surcharge as referred to the voters in Measure 30 fails at the polls, the OUS 2003-2005 Biennial General Fund appropriation will be reduced by $7,515,480.

Subsequent to the failure of Measure 30 in February, 2004, the decision was made to spread the disappropriation across the campuses and the Chancellor’s Office, and it was agreed that each campus’ share of the campus reductions would be calculated proportionately on the basis of state general fund Education and General (E&G) appropriations for the biennium.

In addition, several possibilities were considered relative to the proportion of the reduction to be applied to the campuses and the proportion to be applied to the Chancellor’s Office. For purposes of discussion, the basis used for the following assessment of reduction impacts by the campuses assumes that $6,500,000 comes from campus general fund allocations and the balance of $1,015,480 from the Chancellor’s Office.

**Allocation of Measure 30 Reductions by Campus**

<table>
<thead>
<tr>
<th>Campus</th>
<th>Total 2003-2005 Campus State General Fund E&amp;G Allocation</th>
<th>Percent of Total</th>
<th>Campus Share of Measure 30 Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oregon University</td>
<td>$ 25,014,037</td>
<td>5%</td>
<td>$ 315,672</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>29,967,620</td>
<td>6%</td>
<td>378,186</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>159,079,113</td>
<td>31%</td>
<td>2,007,548</td>
</tr>
<tr>
<td>Oregon State University - Cascades</td>
<td>6,681,853</td>
<td>1%</td>
<td>84,324</td>
</tr>
<tr>
<td>Portland State University</td>
<td>114,588,191</td>
<td>22%</td>
<td>1,446,081</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>29,124,509</td>
<td>6%</td>
<td>367,546</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>121,091,153</td>
<td>24%</td>
<td>1,528,147</td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>29,516,715</td>
<td>6%</td>
<td>372,495</td>
</tr>
<tr>
<td>Campus Total</td>
<td>515,063,191</td>
<td>100%</td>
<td>6,500,000</td>
</tr>
<tr>
<td>Chancellor's Office/OCECS</td>
<td>---</td>
<td>---</td>
<td>1,015,480</td>
</tr>
<tr>
<td>Total</td>
<td>---</td>
<td>---</td>
<td>$7,515,480</td>
</tr>
</tbody>
</table>

The following information on the impacts of the reductions was prepared by the campuses and is quoted directly from the material provided to the Chancellor’s Office.
Eastern Oregon University:

The budget reductions being implemented at EOU effective July 1, 2004, are outlined in the table below. These reductions include the non-renewal of/reduction in service of 7.83 FTE faculty and staff personnel and reductions in other areas; for example, closing the EOU swimming pool.

### DISTRIBUTION OF 2004-05 REDUCTIONS

<table>
<thead>
<tr>
<th>Department</th>
<th>2004-05 Reductions</th>
<th>Percentage of Budget</th>
<th>Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>General University</td>
<td>$120,000</td>
<td>9.5%</td>
<td>Closure of swimming pool</td>
</tr>
<tr>
<td>Academic Affairs</td>
<td>541,446</td>
<td>3.5%</td>
<td>5.08 FTE faculty and staff</td>
</tr>
<tr>
<td>Student Affairs</td>
<td>197,000</td>
<td>8.5%</td>
<td>2.00 FTE faculty and staff</td>
</tr>
<tr>
<td>Business/Finance</td>
<td>100,000</td>
<td>2.2%</td>
<td>0.75 FTE faculty and staff</td>
</tr>
<tr>
<td>President's Office</td>
<td>18,290</td>
<td>5.0%</td>
<td>Loss of services and supplies funding</td>
</tr>
<tr>
<td>University Advancement</td>
<td>27,638</td>
<td>5.0%</td>
<td>Loss of services and supplies funding</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,004,374</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The $1,004,374 budget cut itemized above exceeds EOU's share of the $7.5 million Measure 30 reduction of $315,672. We did not separately itemize the revenue shortfall causing each budget cut. However, the loss of $315,672 in state funds was factored into our overall forecast of a $1,546,358 net deficit for 2004-05. You will also note that our forecasted 2004-05 budget remains out-of-balance by $541,984, even after the budget cuts noted above. Furthermore, we expect additional expenses and new initiatives to arise over the course of 2004-05 in the range of $300,000 to $800,000. Therefore, we currently project a conservative net deficit of $841,984 and a potential high net deficit of $1,341,984.

Oregon Institute of Technology:

The impact that this will have is relative to the approval of our tuition proposal, which is a 3 percent rate increase and elimination of the plateau . . . [Our] best assessment of the impact of the latest reduction amount is as follows:

1. We will continue to operate with a reduced number of course offerings next academic year.

2. Without the resource fees we had proposed for engineering and allied health, we will be unable to enhance the quality of the laboratory equipment. The OIT students in these programs are concerned about the instructional equipment.

3. We have already committed $500,000 from the fund balances (reserves) toward this revenue shortfall.
**Oregon State University:**

In its FY 2004 budget, OSU reduced departmental budgets across-the-board by $1.65 million in anticipation of reductions ultimately called for by Measure 30. The impacts of these reductions in the current year have been a reduced number of course sections (based on institutional averages, approximately 90 fewer sections than would have otherwise been offered) and decreased research, student service, library, and institutional support budgets. Of the $1.65 million in reductions, roughly $1 million was absorbed by instructional and research units and the remainder by student service and administrative support units.

For FY 2005, OSU plans to compensate for these reductions in state appropriations, as well as for fund transfers called for in HB 2148, through tuition increases for resident undergraduate students and through continued reductions in administrative and support service costs and activities. Although we are trying to minimize further cuts in academic course offerings, reverse the trend of increasing student-faculty ratios, and invest in our Honors College and academic infrastructure, we cannot be certain that we will be able to hold the line in these dimensions as well. We expect to generate $4.3 million in additional tuition revenues through our currently proposed 5 percent increase in the resident undergraduate rate, plus an increase to $50 from $25 in tuition for credit hours 13-16 for all undergraduates. These revenues will offset the Measure 30 reductions and HB2148 transfers, and cover a portion of projected OPE increases.

The members of our university community most affected by these reductions will be students and their families, and over the past weeks we have engaged our students in open discussion of the options available to the University. We have, in addition, attempted to evaluate impacts, if any, of charging for credit hours formerly within the flat rate "tuition plateau" on student course selection, persistence and progress toward graduation. Our assessment to-date is that for most students, the planned rate increases will not alter their decision to take an average of close to 15 credit hours per quarter although it will add to their cost burden; for those students most affected financially, we hope to identify financial aid resources to help them. Because we find no evidence of significant negative impacts of charges for hours 13-16 on student credit hour loads, we do not anticipate that the proposed charges will alter their progress toward graduation.

In summary, provided we are able to identify additional financial aid resources for our most vulnerable students -- a goal we are committed to achieving -- the ultimate impacts of the Measure 30 reductions alone will largely be mitigated by tuition increases and cost efficiencies. Regrettably, we cannot insure that there will be no adverse effects on the availability and quality of support services and, to the least degree possible, academic matters. The additional costs of attending the University will largely be paid by students and their families, and we will do our best to help them bear those costs. We nevertheless note that our students' capacity to absorb such increases is not without limits, and that our most economically vulnerable students will be most affected by these tuition increases. Such students have historically been aided by increased tuition
remission levels, which will not be an option given legislative caps in place for FY05. We will consequently attempt to redirect private giving to this purpose.

**Portland State University:**

When we established our budgets for 2003-2005, we were aware of the pending vote on Measure 30. Therefore, we did try to budget so that if the measure failed we could forego certain expenditures and also make use of our fund balance to cover this shortfall.

**Southern Oregon University:**

Southern Oregon University has been allocated a reduction of $367,546 in state appropriations following the failure of Measure 30. This reduction follows upon nearly $10.5 million in reductions since the cuts began during the 2001-2003 biennium. This action brings our total reductions to roughly $11 million. Anticipating the failure of Measure 30, SOU had in place a budget scenario to further reduce its budgeted revenues and expenditures at about $200,000. We have revised our budget scenario to reflect the additional increment in the reduction.

Following a number of draconian cuts made during FY 2003, including non-renewal notices and layoffs, SOU has put in motion plans for recovery and change that have promise for positioning SOU well for the future, heavily dependent upon the hope that state investments begin to return soon. We do not anticipate a return to the former alignment of programs and resources, but rather to a time of greater strategic alignment in our work. We have used this period to strengthen our capacity to seize opportunities on the horizon.

Internally, we have a creative review underway to realign the curriculum to new realities, along with a strategic initiative process to better position SOU for the contemporary opportunities of southern Oregon and the state. Externally, we have a stronger and more active Advisory Board, alongside a highly supportive and loyal SOU Foundation. These and other factors hold high promise for SOU’s future in service to students and communities as we advance in educational excellence and economic, social, and artistic entrepreneurship.

The impact of this Measure 30 reduction is retarding the pace of advancing along this path as an outstanding liberal arts and sciences university fulfilling a comprehensive university mission for the greater region of southern Oregon. While it makes even more apparent the need for strengthening partnerships and forging new ones, it also carries added challenges in making the investments to do so quickly. We are hopeful that the new State Board of Higher Education will succeed in its work to align the commitments and strategies of the Governor, Legislature, leading economic development initiatives, and the education community such that the public will reinvest in higher education as the central answer to the future or Oregon’s citizens and quality of life. SOU is actively engaged in being helpful to this process and will continue to do so. Speaking for our
University, the present funding of basic operations, programs, and services is not sustainable on the goodwill and dedication of our staff and faculty. As natural attrition occurs, the foundations must be renewed and the new initiatives supported if we are to attract and retain the “workforce” needed and the students who can benefit well from the special strengths of SOU.

To be a bit more specific, the reductions will be made largely in administrative services, recognizing that the toll of major cuts already taken can only worsen and must be addressed before long. It is increasingly difficult to finance critical capital renewal needs, purchase replacement hardware and back-up equipment, and to reopen the library for student and faculty work on Saturdays. We have held to the original plan of April 2003 for tuition and fee increases, not moving them higher as a result of the failure of Measure 30. However, we have increased the assessments to auxiliary enterprises and tapped into our operating reserves to the point that SOU projects an ending reserve balance at 6 percent by the end of the current biennium (versus a healthier reserve balance of 9-10 percent in most periods).

We will do all that we can to avoid further pressure on our capability to support students and their classes. Due to the dedication of the faculty and administration, the institution has been able to minimize impacts upon the delivery of course work at the undergraduate and graduate levels. Increases in tuition have been met to some degree with larger institutional allocations in financial aid and an aggressive new private SOU fund drive.

It seems timely to quote from a recent focused accreditation visitor’s comments about the Northwest Association’s serious concern a year ago concerning SOU’s fiscal resources. The statement captures, from a seasoned accreditor’s perspective, the nature of the challenges and the spirit of collaboration, progress, hope, and determination that is sustaining SOU in these times.

“Despite the sizable cuts to its budget, the university is financially stable. By her own admission, President Zinser is micromanaging the budget to ensure three important outcomes: maintenance of program quality, no deficits, and a rational reserve. Although it’s been a painful process, SOU has remained financially solvent and academically rigorous during these troubling times. Now they are looking toward the future. … Southern Oregon University is in good hands. It is blessed with outstanding and energetic leaders, excellent and committed faculty, and student-centered staff. All of these educators have been called on to respond to difficult financial circumstances, and they have done so. One senses a true understanding at this institution of what it means to be an institution of higher education, and that understanding is communicated to students who set high standards for themselves. The institution also benefits enormously from and in turn benefits the arts culture that exists in Ashland, OR. It’s obvious that there are strong and productive partnerships here. While absolutely everyone has been called on to do
more with less, they are responding admirably. Still, like all institutions of higher education, they are all too aware that there is a financial threshold below which they cannot go and still maintain quality and continue their student-centered educational programs. Their initiatives to increase foundation and private giving to the university are impressive and show great promise for the institution. As always, it was a pleasure to see colleagues doing so well. I salute them.” (April 2004)

University of Oregon:

The University of Oregon has made significant budget reductions for the biennium based on the failure of Measure 30 and the understanding that the majority of these cuts will be distributed to the campuses. It is our assumption that since this cut is made across the biennium, only one-half the cut will be a recurring base budget adjustment.

Over the biennium, a savings of $800,000 will be absorbed in administrative areas ($400,000 per year). These savings are being achieved through delaying searches for vacant positions, using temporary and part-time appointments to maintain some service levels and still achieve reductions in payroll costs. Service and supply budgets have been reduced and further reductions have been taken in repair and maintenance activities. These administrative cuts result in direct reductions in service including such areas as financial and support services for students.

The balance of $900,000 ($450,000 per year) comes from reductions in direct instructional support. Overall, this will result in the loss of approximately 16 instructional positions, each of which teaches seven to nine course sections. Students will be directly impacted by these cuts.

The UO recognizes the difficulty of any unit within OUS absorbing two years worth of cuts in the second year of the biennium. However, it is imperative that the permanent cuts to the campuses be as low as possible to protect the quality of the academic mission. Even if there is a need for larger campus cuts in this biennium to ease the transition in the Chancellor’s Office, a significant amount of the cuts must ultimately be absorbed on a permanent basis by the Chancellor’s Office.

Western Oregon University:

We did not separate out our Measure 30 reduction from the other reductions we prepared for earlier this biennium. We eliminated 30 positions to cover our overall shortfall for this year, so at this point it will reduce our current fund balance.

Please also note that the impact of the Measure 30 reduction on the Chancellor’s Office is pending the outcome of the Chancellor’s Office review currently in progress.
Table of Contents

PRESIDENTS’ CONVERSATION WITH THE BOARD: WESTERN OREGON UNIVERSITY ............. 21

APPROVAL OF MINUTES .......................................................................................................................... 53
  • Special Board Meeting, March 31, 2004
  • Executive Session Meeting, March 31, 2004
  • Regular Board Meeting, April 2, 2004
  • Executive Committee Meeting, April 15, 2004

ACTION ITEMS

Proposed Administrative Rule on Transfer of Sick Leave (OAR 580-021-0041) (roll call vote) ........................................................................................................................................ 31
This rule, requested by the Department of Administrative Services, will allow exiting OUS employees to transfer accumulated, unused sick leave to hiring agencies of the state of Oregon.

CONSENT ITEMS

OSU, College Inn Housing ....................................................................................................................... 5
OSU seeks to enter into a legal agreement with College Housing Northwest—Corvallis LLC, in partnership with Lorig Associates, LLC, to develop, finance, construct, and operate The College Inn student housing complex.

OSU, Honorary Degree ............................................................................................................................. 33
OSU requests Board authorization to award an honorary degree at their spring Commencement ceremony.

REPORT ITEMS

2005-2007 Budget Policy Package Requests .................................................................................................. 35
Program changes and policy initiatives that require an increase in the Agency Request Budget are submitted to DAS as Policy Package requests. Four concepts have been submitted to date.

2005 Legislative Concepts (filed as placeholders on April 15, 2004) ................................ 43
Provided for information only.

Status of the Western Undergraduate Exchange Program ................................................................. 49
Provided for information only.
WESTERN OREGON UNIVERSITY

PREAMBLE AND MISSION STATEMENT

PREAMBLE

Western Oregon University (WOU), a member of the Oregon University System, is the only mid-size public, comprehensive university in the Willamette Valley, the state's population center. It is Oregon's oldest public university. WOU offers exemplary programs in the liberal arts and sciences, teacher education, criminal justice, business administration, computer science, and fire services administration in a caring and nurturing learning environment. WOU works to ensure the success of Oregon through partnerships with community colleges; other OUS institutions; state, local, and national governments; and communities across the state.

MISSION

Western Oregon University provides a comprehensive higher education experience, including teaching, learning, and research activities, cultural opportunities, and public service. Campus and distance education programs prepare students to contribute to the economy, culture, and society of Oregon, the nation, and the world.

- WOU offers exemplary undergraduate programs in the creative arts, natural sciences, mathematics, humanities, social sciences, teacher education, criminal justice, business administration, computer science, and fire services administration, and graduate programs in criminal justice, teacher education, and other areas.
- WOU's curriculum fosters the knowledge, skills, and attitudes that characterize a liberally educated person and provide a foundation for a lifetime of learning.
- WOU's academic programs offer close student, faculty, and staff interaction; interdisciplinary teaching, research opportunities, and internships with public and private sectors.
- WOU promotes diversity and respect for individuals in all endeavors.
- WOU provides national leadership in research and policy development through the Division of Teaching Research, the Regional Resource Center on Deafness, and the National Clearinghouse for Deaf-Blindness.
- WOU fosters partnerships with state and local governments, exemplified by the campus-based Oregon Military Academy and Oregon Public Safety Academy.
• WOU enriches the lives of Oregonians through cultural offerings; educational resources; lifelong learning opportunities; and NCAA, Division II intercollegiate athletic competition.

Approved by the Oregon State Board of Higher Education on December 17, 1999
CORE VALUES OF WESTERN OREGON UNIVERSITY

Western Oregon University’s core values center on its commitment to student success; to that end, we adhere to the following core principles:

Teaching and Learning:
- Teaching by experienced, highly qualified faculty in small, personalized settings
- A broad array of majors and specialty courses in the context of a robust and meaningful liberal arts core curriculum
- Academic experiences that include internships, research, and service learning
- Individualized support and advising for all students to foster success in the classroom and beyond
- Graduates prepared to meet the economic and societal needs of the State and region

Health, Campus Community, and Environment:
- Campus life rich with personal and academic opportunities
- Connections with our alumni that engender pride, loyalty, and good will
- Partnerships that broaden our vision, increase our potential, and enhance our relationships
- An atmosphere of collegiality and mutual respect
- Technology strategies and capacities to enhance teaching, learning, communication, and campus management

Academic Freedom and Diversity:
- The open expression of thoughts, beliefs, and attitudes, both in and out of the classroom setting
- Active communities of learning representing a population of diverse people and perspectives
- Access for traditional and new populations of students to foster a quality workforce and well-educated citizens

Fiscal Health, Accountability, and Continuous Improvement:
- Cost-effectiveness and the pursuit of additional funding sources to enhance the campus and to expand educational opportunities
- Systems in place to facilitate timely graduation and affordable tuition
- Rigorous application of ongoing evaluation to improve all aspects of campus life, assure quality, and make decisions based on data
Restructured processes and innovative strategies to assure high quality in the face of current fiscal challenges in higher education
### ENROLLMENT

<table>
<thead>
<tr>
<th>2003 Enrollment</th>
<th>#</th>
<th>FTE</th>
<th>SCH</th>
<th>1-yr Change</th>
<th>5-Yr Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>WOU</td>
<td>5,032</td>
<td>4,324</td>
<td>63,971</td>
<td>0</td>
<td>12%</td>
</tr>
</tbody>
</table>

#### Gender
- Women: 60%
- Men: 40%
- International: 1.4%

#### Ethnicity
- American Indian: 1.2%
- Asian/Pacific Islander: 2.2%
- Black: 1.5%
- Hispanic: 5.3%
- Caucasian: 81.2%

### Extended Programs and Summer Session

#### 2002-2003 Enrollment
- Number of Students: 4,203
- Student Credit Hours: 18,836

#### Undergraduate Studies
- Fire Services Administration
- Study Abroad
- Misc. Undergrad Course

#### Graduate Studies
- MS in Education/MAT
- ESOL/Bilingual Endorsement
- Continuing Teaching Licensure & Advanced Proficiency Documentation
- CREADE
- Transition to Teaching w/Salem-Keizer Public Schools
- MS in Rehabilitation Counseling

#### Quality Metrics
- Freshmen-to-Sophomore Retention Rate: 71%
- 6-Year Graduation Rate: 42%
- Average Time to Graduate: 4.8 Years
- Student/Faculty FTE Ratio: 20:1
- % Classes with Less than 20 Students: 46%
- % Classes with Greater than 50 Students: 6%
- % Graduates Employed One Year after Graduation: 88%
- % Students Highly Satisfied with University Experience: 81%

### Student Success Programs

#### K-12 Programs
- Upward Bound Program
- Mel Brown Jazz Workshop
- Swim Camps
- Young Musicians’ Program
- Oregon Junior Academy of Science
- Teaching Research Children’s Center
- Teaching Games and Physical Activities to Children Program

#### On-Campus Programs
- Student Enrichment Program
- Academic Advising and Learning Center
- Writing Center
- PLUS Team
- WOU Freshmen Experience
- Student Enrichment Program
- Center for Teaching and Learning
- Education Evaluation Center
- Regional Resource Center on Deafness
### Western Oregon University
#### Fourth Week Statistics
##### Week Ending 10/24/03

<table>
<thead>
<tr>
<th>Category</th>
<th>Fall 2002</th>
<th>Fall 2003</th>
<th>Fall 2002</th>
<th>Fall 2001</th>
<th>Fall 2000</th>
<th>Fall 1999</th>
<th>Fall 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Students-Headcount</strong></td>
<td>--</td>
<td>5032</td>
<td>5030</td>
<td>4878</td>
<td>4731</td>
<td>4515</td>
<td>4519</td>
</tr>
<tr>
<td><strong>Total Students-FTE</strong></td>
<td>-1.2</td>
<td>4386</td>
<td>4439</td>
<td>4341</td>
<td>4121</td>
<td>3943</td>
<td>3954</td>
</tr>
<tr>
<td>New Freshmen</td>
<td>+17.2</td>
<td>925</td>
<td>789</td>
<td>814</td>
<td>841</td>
<td>769</td>
<td>713</td>
</tr>
<tr>
<td>New Transfers</td>
<td>-5.5</td>
<td>466</td>
<td>494</td>
<td>509</td>
<td>511</td>
<td>518</td>
<td>534</td>
</tr>
<tr>
<td><strong>Total New Students</strong></td>
<td>+8.5</td>
<td>1391</td>
<td>1283</td>
<td>1323</td>
<td>1352</td>
<td>1287</td>
<td>1247</td>
</tr>
<tr>
<td><strong>Total Freshmen</strong></td>
<td>+10.4</td>
<td>1352</td>
<td>1225</td>
<td>1235</td>
<td>1194</td>
<td>1161</td>
<td>1070</td>
</tr>
<tr>
<td>Sophomores</td>
<td>-9.8</td>
<td>799</td>
<td>886</td>
<td>815</td>
<td>758</td>
<td>740</td>
<td>793</td>
</tr>
<tr>
<td>Juniors</td>
<td>-2.2</td>
<td>929</td>
<td>950</td>
<td>919</td>
<td>926</td>
<td>881</td>
<td>881</td>
</tr>
<tr>
<td>Seniors</td>
<td>-1.7</td>
<td>1208</td>
<td>1232</td>
<td>1228</td>
<td>1126</td>
<td>1119</td>
<td>1065</td>
</tr>
<tr>
<td>Graduate Students-Full Time</td>
<td>+22.5</td>
<td>190</td>
<td>155</td>
<td>114</td>
<td>101</td>
<td>113</td>
<td>104</td>
</tr>
<tr>
<td>Graduate Students-Part Time</td>
<td>-13.2</td>
<td>210</td>
<td>242</td>
<td>209</td>
<td>213</td>
<td>154</td>
<td>169</td>
</tr>
<tr>
<td>Special Students-Undergrad*</td>
<td>+15.3</td>
<td>85</td>
<td>72</td>
<td>76</td>
<td>132</td>
<td>73</td>
<td>66</td>
</tr>
<tr>
<td>Special Students-Graduate*</td>
<td>+52.8</td>
<td>162</td>
<td>106</td>
<td>160</td>
<td>140</td>
<td>134</td>
<td>225</td>
</tr>
<tr>
<td>Oregon Citizens</td>
<td>+1.2</td>
<td>4565</td>
<td>4511</td>
<td>4389</td>
<td>4219</td>
<td>4070</td>
<td>4010</td>
</tr>
<tr>
<td>International Students**</td>
<td>-16.7</td>
<td>75</td>
<td>90</td>
<td>93</td>
<td>85</td>
<td>87</td>
<td>107</td>
</tr>
<tr>
<td>Non-citizen Alien Resident**</td>
<td>+2.8</td>
<td>73</td>
<td>71</td>
<td>56</td>
<td>47</td>
<td>33</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total from Underrepresented Groups</strong></td>
<td>+3.9</td>
<td>511</td>
<td>492</td>
<td>478</td>
<td>420</td>
<td>432</td>
<td>458</td>
</tr>
<tr>
<td>American Indian/Alaskan Native</td>
<td>+14.8</td>
<td>62</td>
<td>54</td>
<td>59</td>
<td>56</td>
<td>73</td>
<td>68</td>
</tr>
<tr>
<td>Asian American/Pacific Islander</td>
<td>-1.8</td>
<td>109</td>
<td>111</td>
<td>112</td>
<td>96</td>
<td>117</td>
<td>127</td>
</tr>
<tr>
<td>African American</td>
<td>+5.7</td>
<td>74</td>
<td>70</td>
<td>72</td>
<td>61</td>
<td>47</td>
<td>55</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>+3.5</td>
<td>266</td>
<td>257</td>
<td>235</td>
<td>207</td>
<td>195</td>
<td>208</td>
</tr>
<tr>
<td><strong>On Campus-Student Housing</strong></td>
<td>+10.6</td>
<td>1219</td>
<td>1102</td>
<td>1029</td>
<td>1029</td>
<td>1044</td>
<td>1011</td>
</tr>
</tbody>
</table>

*Non-admitted students include: WOU staff; high school students approved to take college level courses; DEP students; students approved to take courses for use at another institution or life-long learning. Not working toward a degree or licensure. Limited to eight credit hours or less per term.

**Assessed out-of-state tuition.
Students: Fall 2003

<table>
<thead>
<tr>
<th>WOU</th>
<th>OUS</th>
<th>WOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,032</td>
<td>79,558</td>
<td>6.3%</td>
</tr>
<tr>
<td>4,324</td>
<td>67,439</td>
<td>6.4%</td>
</tr>
<tr>
<td>4,470</td>
<td>64,516</td>
<td>6.9%</td>
</tr>
<tr>
<td>562</td>
<td>15,042</td>
<td>3.7%</td>
</tr>
<tr>
<td>167</td>
<td>3,433</td>
<td>4.9%</td>
</tr>
<tr>
<td>0</td>
<td>3,523</td>
<td>0.0%</td>
</tr>
<tr>
<td>0</td>
<td>259</td>
<td>0.0%</td>
</tr>
<tr>
<td>313</td>
<td>4,545</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Degrees: 2002-03

<table>
<thead>
<tr>
<th>WOU</th>
<th>OUS</th>
<th>WOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>823</td>
<td>15,199</td>
<td>5.4%</td>
</tr>
<tr>
<td>1</td>
<td>87</td>
<td>1.1%</td>
</tr>
<tr>
<td>655</td>
<td>11,063</td>
<td>5.9%</td>
</tr>
<tr>
<td>167</td>
<td>3,433</td>
<td>4.9%</td>
</tr>
<tr>
<td>0</td>
<td>357</td>
<td>0.0%</td>
</tr>
<tr>
<td>0</td>
<td>259</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Tuition & Fees: 2003-04

<table>
<thead>
<tr>
<th></th>
<th>Total = $13,536</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident undergraduate</td>
<td>$4,305</td>
</tr>
<tr>
<td>Resident graduate</td>
<td>7,614</td>
</tr>
<tr>
<td>Nonresident undergraduate</td>
<td>12,570</td>
</tr>
<tr>
<td>Nonresident graduate</td>
<td>12,858</td>
</tr>
</tbody>
</table>
### 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>155</td>
<td>88</td>
<td>57%</td>
<td>67</td>
<td>43%</td>
</tr>
<tr>
<td>Professor</td>
<td>34</td>
<td>23</td>
<td>68%</td>
<td>11</td>
<td>32%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>55</td>
<td>28</td>
<td>51%</td>
<td>27</td>
<td>49%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>51</td>
<td>29</td>
<td>57%</td>
<td>22</td>
<td>43%</td>
</tr>
<tr>
<td>Instructor/Lecturer</td>
<td>15</td>
<td>8</td>
<td>53%</td>
<td>7</td>
<td>47%</td>
</tr>
</tbody>
</table>

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

- Total, All Ranks: $69.1
  - Professor: $81.0
  - Associate Professor: $69.0
  - Assistant Professor: $58.5
  - Instructor/Lecturer: $50.4

### Faculty and Staff: 2003-04

<table>
<thead>
<tr>
<th></th>
<th>WOU</th>
<th>%</th>
<th>OUS</th>
<th>%</th>
<th>WOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>737</td>
<td>100%</td>
<td>12,096</td>
<td>100%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Faculty*</td>
<td>412</td>
<td>56%</td>
<td>5,658</td>
<td>47%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Executive/administrative</td>
<td>19</td>
<td>3%</td>
<td>412</td>
<td>3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Professional non-faculty</td>
<td>119</td>
<td>16%</td>
<td>2,486</td>
<td>21%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Secretarial/clerical</td>
<td>83</td>
<td>11%</td>
<td>1,812</td>
<td>15%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Technical/paraprofessional</td>
<td>23</td>
<td>3%</td>
<td>719</td>
<td>6%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Skilled craft</td>
<td>16</td>
<td>2%</td>
<td>310</td>
<td>3%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Services/maintenance</td>
<td>65</td>
<td>9%</td>
<td>699</td>
<td>6%</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

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

### Campus Facilities: 2003

- Total all facilities: 26
- E&G facilities:
  - Percent built between 1960-1975: 25%
  - Percent of E&G in deferred maintenance: 5%

  *(in millions)*

- Total current replacement value: $146
  - E&G plant: 105
  - Auxiliary enterprises: 31

*gsf = gross square feet

---

**Current Project:**
- New agricultural, health & life sciences center (Badgley Hall)

**Facilities Needs:**
- Classroom, lab modernization
- Code, deferred maintenance
- Student services remodel in Inlow Hall
- New library
- New classroom buildings (2)
- Grand staircase remodel
- New residence hall

---

*Oregon State Board of Higher Education*
*Regular Board Meeting*
Ten Major Areas of Emphasis toward Adding to the Quality, Productivity, and Distinctiveness of Western Oregon University

I. Strengthening Academic Quality and Accreditation Status

II. Concentrating on Outstanding Baccalaureate and Pre-Professional Programs, Complemented by Select Masters Degree Programs

III. Offering an Uncommon “Total Collegiate Experience” for Students (including co-curricular activities, undergraduate research, and service learning opportunities)

IV. Reaching Optimal Levels of Student Enrollment and Diversity through Effective Recruitment and Retention Efforts

V. Sustaining a Personalized and Supportive Institutional Culture

VI. Achieving an Extraordinary Degree of International, Multicultural, and Multiracial Integration

VII. Building a University-Wide Role and Reputation in Leadership Development for Students

VIII. Extending the University’s Service, Visibility, and Influence throughout Oregon, with Special Attention to the Communities of Polk County as the Home Area and Salem as the Nearest Urban Hub

IX. Enhancing the Quality of the Living-Learning Community on Campus and Maintaining an Attractive and Functional Campus Environment

X. Advancing Philanthropic Support and Alumni Involvement

Presented by Philip W. Conn in State of the University Address, September 2003

Intended for Campus-Wide Consideration, Discussion, and Refinement in the Context of Strategic Planning and Program Development
SIXTEEN ELEMENTS OF THE CLAIMED CHARACTER AND DESIRED IMAGE OF WESTERN OREGON UNIVERSITY

WESTERN OREGON UNIVERSITY IS:

1) Academically Reputable
2) Instructionally Strong
3) Programmatically Varied (academic offerings)
4) Occupationally Relevant
5) Presentationally Accessible (locations, times, formats)
6) Interpersonally Responsive
7) Ethnically Diverse
8) Socially Enjoyable (campus life)
9) Athletically Competitive
10) Organizationally Unified
11) Operationally Efficient
12) Behaviorally Innovative
13) Dimensionally Optimal (size and ratios)
14) Physically Sound (functional and attractive facilities)
15) Financially Affordable
16) Technologically Advanced

Presented by Philip W. Conn in State of the University Address, September 2003

Intended for Campus-Wide Consideration, Discussion, and Refinement in the Context of Strategic Planning and Program Development
Proposed Administrative Rule on Transfer of Sick Leave
OAR 580-021-0041

Staff Report to the Board
The Human Resources Services Division (HRSD) of the Department of Administrative Services requests that institutions of the Oregon University System (OUS) allow exiting OUS employees to transfer accumulated, unused sick leave to hiring agencies of the state of Oregon. HRSD cooperates with all other state agencies to permit transfer of sick leave earned in service to the State of Oregon and wishes to extend the same benefit to OUS employees who accept state employment. OUS institutions accept sick leave balances from other state agencies, but curtailed transferring leave in 1997, after state and OUS personnel systems separated under provisions of SB271.

Adoption of this temporary rule allows the prompt adoption of its provisions while other amendments to OAR 580-031-0040 – Sick Leave Plan for Academic Personnel – are finalized.

Recommendation to the Board
Staff recommends that the proposed rule be adopted as a temporary rule to respond in a timely manner to the request from DAS HRSD.

580-021-0041
Transfer of Accumulated, Unused Sick Leave

(1) OUS academic and administrative unclassified staff may transfer unused accumulated leave balances between the OUS and state agencies, subject to sick leave transfer provisions in (3) and (4), and applicable collective bargaining agreements.

(2) For purposes of this rule, a “state agency” includes all state agencies in the executive, judicial, or legislative departments of the State of Oregon. Special government bodies, including community colleges, school districts, education service districts, are not considered state agencies for purposes of this rule. Local government public employers other than state agencies are likewise ineligible to transfer unused leave to or from the OUS.

(3) Assumption of Funding Liability. Hiring agencies and departments assume funding liability for sick leave transferred under the provisions of this rule.

(4) Sick Leave. The full amount of accumulated, unused sick leave available at the time an employee separates from service may be transferred to an OUS institution or state agency when the employee is hired. Unearned, advanced sick leave that results in a negative sick leave balance is neither transferred nor accepted by OUS institutions.
a. Accumulated, unused state agency sick leave earned during employment with a state agency, including leave earned in classified service, may be transferred to the hiring OUS institution if the break in service does not exceed two years, subject to approval of the hiring institution.

b. Accumulated, unused sick leave earned during employment with an OUS institution shall be transferred to the hiring state agency if the break in service does not exceed two years, subject to the rules of the state agency.

Stat Auth: ORS 351.070
Rules Relied On: OAR 580-020-0100(5), OAR 580-021-0040

(Board action required: Roll call vote.)
Authorization to Award Honorary Degree, OSU

Summary

Oregon State University requests authorization to award an honorary doctorate to Senator John H. Glenn at the June 2004 commencement ceremony. Senator Glenn has accepted the invitation to deliver the commencement address.

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

John H. Glenn has been called a pioneer, an American legend, and an international hero. He is all of that and more.

In 1962, Glenn climbed into NASA’s tiny Mercury capsule and was launched into space, where he circumnavigated the Earth three times. It was an epic journey, as systems malfunctioned and he had to manually pilot the spacecraft at more than 17,000 miles an hour, rocking back and forth while watching fiery bits of the capsule fly past him into space.

That successful, dramatic first American space flight shifted the Cold War dynamics and renewed national spirits. It also launched a new era in space exploration that continues today.

President Kennedy would not allow John Glenn to go back into space, claiming he was too valuable as an American hero to risk in flight. Glenn eventually left NASA and went into private industry, serving as an international executive in the soft drink industry.

The pull of national service drew him into politics, however, and in 1974, he was elected U.S. Senator from the state of Ohio. For the next 24 years, Senator Glenn served in the Senate, focusing on such issues as arms control, nuclear proliferation, government efficiency, and campaign finance reform.

Senator Glenn also yearned to return to space and, in 1998, he joined a crew of astronauts who had not yet been born during the historic Mercury flight, becoming at age 77, the oldest person to ever fly in space. He and his crewmates went on a nine-day mission aboard the Discovery, supporting a variety of research payloads – including a project by an Oregon State University graduate student. While aboard the Discovery, Senator Glenn orbited the Earth 134 times, traveling 3.6 million miles.
The space and political achievements of Senator Glenn are well-chronicled. Less well-known are the senator's achievements in the military. John Glenn joined the Naval Aviation Cadet Program in 1942 and was commissioned into the Marine Corps a year later. After receiving advanced training, he joined Marine Fighter Squadron 155 and spent a year flying F-4U fighters in the Marshall Islands. He flew 59 combat missions during World War II.

Following the war, Glenn served on Guam and flew on the North China patrol. Then, from 1948 to 1950, he was an advanced flight instructor at Corpus Christi, Texas. At the outbreak of the Korean War, he went back into active duty and flew 63 missions with Marine Fighter Squadron 311. Then, during an exchange with the Air Force, flew another 27 missions in an F-86 Sabrejet.

After the Korean War, as a project officer for the Navy Bureau of Aeronautics (now the Bureau of Naval Weapons), Glenn set a transcontinental speed record aboard an F-8U Crusader, flying from Los Angeles to New York in three hours and 23 minutes – the first transcontinental flight to average supersonic speed.

A true American hero, Senator John Glenn was awarded the Distinguished Flying Cross on six occasions, holds the Air Medal with 18 clusters for his service in World War II and Korea, holds the Navy Unit Commendation for service in Korea, and was awarded the NASA Distinguished Service Medal and the Congressional Space Medal of Honor.

Senator Glenn heads the John Glenn Institute for Public Service and Public Policy at The Ohio State University, and lives in Ohio and Washington, D.C., with his wife, Annie.

Staff Recommendation to the Board:
Staff recommends the Board authorize Oregon State University to award an honorary doctorate to Senator John H. Glenn at the 2004 spring commencement ceremonies.

(Board action required.)
2005-2007 Budget Policy Package Requests

Program changes and policy initiatives that require an increase in the Agency Request Budget are submitted to the Department of Administrative Services (DAS) as Policy Package requests. Staff plans to submit policy package proposals for Board consideration in May and June, with final approval of the Agency Request Budget in July.

The Committee on Excellence in Delivery and Productivity (More, Better, Faster) reported to the Board in April on several potential policy package requests and has submitted three drafts for Board discussion. The Engineering and Technology Industry Council (ETIC) has also submitted a request, and ETIC representatives will be in attendance at the meeting to speak to the proposal. The Academic Excellence /Economic Development Committee will study proposals and decide whether to submit requests for Board consideration in June.

Attached are drafts of the four Policy Package concepts submitted to date:

1. Removing Institutional Transfer Barriers to Students
2. Strategic Investment to Support Increased Student Access to College
3. Connecting Higher Education to a Statewide Student-Service System
**2005-2007 OUS Agency Request Budget Policy Package Proposal**

**Title:** Removing Institutional Transfer Barriers to Students

**Policy Initiative:** Excellence in Delivery and Productivity (More, Better, Faster)

**Description:** Increasing the successful transfer of community college students to OUS campuses through: 1) creation of an Oregon Dual Enrollment Framework; 2) creation of a fully transferable lower division common core of lower-division courses; and 3) creation of a fully transferable lower-division set of common student educational outcomes leading into an academic major.

**Expected Outcomes:**
- Increase the number of Bachelor Degree recipients
- Increase the number of students who receive college credits from an Oregon community college.
- Decrease the student debt as a result of more efficient enrollment in courses at community colleges that are lower in cost to the student.

**Performance Indicators:**
Graduation Rate
Student Debt Ratio

**Budget Outline:**
- New staffing: 1 limited duration professional staff position for 24 months
  - 1 FTE @ $159,000
- Services and Supplies: $1,000,000

Funding to create a statewide framework for successful OUS and community college dual enrollment agreements that lead to increased student success; for faculty-driven meetings leading to the development of a statewide common core of lower-division general education courses that can be transferred between all public colleges and universities, leading to the elimination of repeated general education courses and greater efficiency of courses offered and taken.

Capital Outlay: No capital expenses requested.

Total Request: $1,159,000
2005-2007 OUS Agency Request Budget Policy Package Proposal

Title: Strategic Investment to Support Increased Student Access to College

Policy Initiative: Excellence in Delivery and Productivity *(More, Better, Faster)*

Description: Investments to support expansion of services and offerings that increase capacity and educational opportunities for high school and post-secondary students. These initiatives include: 1) increase the availability of highest demand courses; 2) strategically expand the availability of on-line courses to meet high student demand; 3) expand accelerated high school course opportunities to create a statewide menu; 4) create the foundation for a statewide framework for post-secondary access for every community; and 5) increase the retention and graduation rates of current college students.

Expected Outcomes:
- Increase the number of Bachelor Degree recipients
- Increase the number of high school students taking advanced courses leading to increased college enrollments
- Shorten the time to degree resulting in lower average student debt (or in presence of continued tuition increases, a slowing in the rate or student debt growth).

Performance Indicators:
- Freshmen to Sophomore Persistence
- Graduation Rate
- Student Debt Ratio

Budget Outline:
New staffing: 1 limited duration professional staff position for eighteen months
- 1 FTE @ $118,250

Services and Supplies: $ 2,000,000

Funding for new courses to address courses with current excess student demand such as Writing; new courses to be offered both on-line and in traditional lecture format; accelerated high school courses include offering additional Advanced Placement and College Credit Now in areas of unmet need and to pilot the development and implementation of a limited number of middle colleges (grades 10-14) and early option type opportunities for students; and expand or implement proven best practices in the area of student retention to increase the number of OUS undergraduates who successfully complete their undergraduate degree.

Capital Outlay: No capital expenses requested.

Total Request: $2,118,250
2005-2007 OUS Agency Request Budget Policy Package Proposal

Title: Connecting Higher Education to a Statewide Student-Service System

Policy Initiative: Excellence in Delivery and Productivity (More, Better, Faster)

Description: A K-16 data system has been identified nationally as a critical component to a comprehensive student educational system. The K-12 system is under development and this concept would connect post-secondary education (OUS and community colleges) to achieve greater efficiency in admissions processing and student course placement while also leading to improved secondary school performance by providing meaningful student-performance feedback to high schools. This will also empower students and their parents to become more informed about preparation for college.

Expected Outcomes:
- Increase the number of Bachelor Degree recipients
- Increase the number of high school students taking advanced courses leading to increased college enrollments
- Shorten the time to degree resulting in lower average student debt (or in presence of continued tuition increases, a slowing in the rate or student debt growth)

Performance Indicators:
Freshmen to Sophomore Persistence
Graduation Rate
Student Debt Ratio

Budget Outline:
New staffing: 1 limited duration professional staff position for 24 months
1 FTE @ $159,000

Services and Supplies: $4,000,000

Funding for technical support for campuses to link to the K-12 system in order to receive student application material; and additional support to enable postsecondary institutions (community college and OUS) to download student application data directly into campus student information systems.

Capital Outlay: No capital expenses requested.

Total Request: $4,159,000
2005-2007 OUS Agency Request Budget Policy Package Proposal

Title: Engineering & Technology Investment Proposal – Growing Opportunity in Oregon

Policy Initiative(s):

Description:
This proposal builds on a partnership between the seven OUS campuses and OHSU/OGI that goes back to July 1997 with the passage of SB 504. It continues the ETIC capacity and excellence strategy at the same time it focuses new investment on key economic opportunities that will provide quality jobs for Oregonians and help keep Oregon’s technical talent in Oregon. It requires no new legislation.

Expected Outcomes:
- Additional faculty and facilities need to give economic leverage, improve national rankings, and double the number of work-ready graduates in Oregon.
- Increase the quality and diversity (ethnic, geographic, gender) of students while increasing community college collaboration and removing barriers.
- A new method to quickly form industry-academic partnerships to mold and adapt global markets for Oregon economic advantage.
- Investments in areas with maximum economic impact:
  - Analog and Mixed Signal
  - Biomedical Engineering & Digital Hospital
  - Computer Science & Information Technology
  - Infrastructure / Transportation
  - ONAMI / Nanoscience / Material Science
  - OREC, Environmental Systems
  - Pre-engineering / Community College
Performance Indicators:
- Degrees in Shortages Areas (#6)
- R&D (#10)
- Graduate Success (#8)
- Internships (#12)
- New Undergraduate Enrollment (#2)
- Total Credit Enrollment (#1)

Additional metrics:
- Student credit hours in target programs
- Undergraduate
- Graduate
- Average SAT/ACT percentile of freshmen
- Average GRE percentile of graduate students
- Women graduating
- Minorities graduating
- Licensing

Budget Outline:
This proposal would create 34.6 new faculty FTEs including 4.0 at OHSU/OGI. The total operational outlay is $43.0 million – a $22.1 million increase over the current biennium. This increase allows Oregon to exploit the opportunities described above, dramatically enhancing its ability to provide high quality jobs for Oregonians. The proposed capital
outlay is $13.85 million. In addition, we forecast $65.6 million in private support associated with the operational outlays and $28.2 million associated with the capital outlays. Table 1 provides a breakdown by campus.
### Table 1

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State Funds ($M)</td>
<td>Private Support ($M)</td>
<td>Support Ratio</td>
<td>State Funds ($M)</td>
<td>Private Support ($M)</td>
</tr>
<tr>
<td>EOU</td>
<td>0.25</td>
<td>0.08</td>
<td>0.30</td>
<td>0.35</td>
<td>0.13</td>
</tr>
<tr>
<td>OGI</td>
<td>2.60</td>
<td>4.00</td>
<td>1.54</td>
<td>2.60</td>
<td>4.23</td>
</tr>
<tr>
<td>OIT</td>
<td>1.08</td>
<td>0.97</td>
<td>0.90</td>
<td>1.04</td>
<td>0.44</td>
</tr>
<tr>
<td>OSU</td>
<td>9.92</td>
<td>19.15</td>
<td>1.93</td>
<td>9.87</td>
<td>19.74</td>
</tr>
<tr>
<td>PSU</td>
<td>4.96</td>
<td>5.83</td>
<td>1.18</td>
<td>5.13</td>
<td>7.69</td>
</tr>
<tr>
<td>SOU</td>
<td>0.54</td>
<td>0.54</td>
<td>0.99</td>
<td>0.53</td>
<td>0.27</td>
</tr>
<tr>
<td>UO</td>
<td>1.80</td>
<td>4.24</td>
<td>2.36</td>
<td>1.05</td>
<td>1.76</td>
</tr>
<tr>
<td>WOU</td>
<td>0.25</td>
<td>0.08</td>
<td>0.30</td>
<td>0.25</td>
<td>0.13</td>
</tr>
<tr>
<td>Subtotal/ Average</td>
<td>21.40</td>
<td>34.88</td>
<td>1.63</td>
<td>20.82</td>
<td>34.38</td>
</tr>
<tr>
<td>Other investments</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Research Fund</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Pre-college RFP</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>21.40</td>
<td>34.88</td>
<td>1.63</td>
<td>20.90</td>
<td>34.38</td>
</tr>
</tbody>
</table>
2005 Legislative Concepts (filed as Placeholders on April 15, 2004)

Summary
On April 15, 2004, eight Legislative Concepts were filed with the Department of Administrative Services as placeholders for the 2005 legislative session.

The Board approved the Optional Retirement Program at the April 2, 2004, Board meeting and the Executive Committee approved the other seven on April 15, 2004, acting on behalf of the full Board.

These eight Legislative Concepts are presented here as a single document for informational purposes. Further refinement will be required along with a careful analysis of the fiscal impacts. The Board will have several opportunities to further review these concepts and make a final decision as to which ones will actually go forward.

The first draft of these Concepts is due by July 1, 2004.

580-01 Optional Retirement Program
580-02 Access Scholarships for Education Trust
580-03 Connecting Higher Education to Statewide Student-Service System
580-04 Removing Institutional Transfer Barriers to Students
580-05 Strategic Investment to Support Increased Student Access to College
580-06 Academic Excellence and Economic Development
580-07 Retention of Interest Earnings on Auxiliary Enterprise Funds
580-08 Legal Services and Legal Sufficiency Review
580-01 Optional Retirement Program

Purpose: Amend existing statutes (ORS 243.800) that govern the Oregon University System Optional Retirement Program. The rate setting structure for the employer contribution rates to and eligibility requirements for plan participants of the Optional Retirement Program will be reviewed and reconsidered given changes to the Public Employees Retirement System.

Staff Responsible: Denise Yunker, Human Resources Director, OUS
Lisa Zavala, Senior Associate Director, Government Relations, OUS

Stakeholders: OUS Institutions
Faculty
Public Employees Retirement Board

Approved for submission by Oregon State Board of Higher Education on April 2, 2004.

First Draft Due: July 1, 2004

580-02 Access Scholarships for Education Trust

Purpose: To develop a proposal for a legislatively referred constitutional amendment to establish an endowment fund for need-based financial aid for post-secondary education students. This endowment would make postsecondary education more available to students who are qualified but face financial barriers to college entrance and graduation. Reducing opportunity and affordability gaps for individuals is necessary to meet the increasing skill and credential requirements needed for a strong Oregon economy and ensuring that high quality post-secondary education institutions are accessible to all Oregonians.

Staff Responsible: Nancy Goldschmidt, OHSU
Lisa Zavala, OUS

Stakeholders: Oregon Student Assistance Commission
Office of Community Colleges and Workforce Development
OUS Institutions
Oregon Independent Colleges Association
Students
Others

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

1st Draft Due: July 1, 2004
**580-03 Connecting Higher Education to Statewide Student-Service System**

**Purpose:** To improve the use of student data to support better student preparation for college and increased college efficiency in terms of initial course placement and admission application processing. A K-16 data system has been identified nationally as a critical component to a comprehensive student educational system. The K-12 system is under development, and this concept would connect post-secondary education (OUS and community colleges) to achieve greater efficiency in admissions processing and student course placement while also leading to improved secondary school performance by providing meaningful student-performance feedback to high schools.

**Staff Responsible:** David McDonald, OUS  
Lisa Zavala, OUS

**Stakeholders:** Oregon Department of Education  
Office of Community Colleges and Workforce Development

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004

---

**580-04 Removing Institutional Transfer Barriers to Students**

**Purpose:** To create a seamless transition pathway for students from community colleges to OUS institutions that results in greater efficiency for students in terms of courses taken without redundancy, fewer lost credits for courses completed, and greater alignment of community college and OUS lower-division courses. As a result, more students will graduate faster and with less debt. Targeted initiatives to achieve efficiencies would be attained through: 1) creation of an Oregon Dual Enrollment Framework; 2) creation of a fully transferable common core of lower-division courses; and 3) creation of a fully transferable lower-division set of common student educational outcomes leading into an academic major.

**Staff Responsible:** David McDonald, OUS  
Lisa Zavala, OUS

**Stakeholders:** Office of Community Colleges and Workforce Development  
Students

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004
580-05  **Strategic Investment to Support Increased Student Access to College**

**Purpose:** To increase student access and successful participation in post-secondary education through identifying areas where student demand for courses exceeds supply and offering courses to meet demand. Initiatives would be addressed through providing more opportunities for student access to college courses and the earning of college credits while in high school, expanding the availability of on-line courses to meet high student demand, expanding accelerated high school course opportunities to create a statewide menu; creating the foundation for a statewide framework for post-secondary access for every community, and expanding college retention programs to serve larger numbers of students.

**Staff Responsible:** David McDonald, OUS
Lisa Zavala, OUS

**Stakeholders:**
- Oregon Department of Education
- Office of Community Colleges and Workforce Development
- Students

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

**First Draft Due:** July 1, 2004

580-06  **Academic Excellence and Economic Development**

**Purpose:** To advance two to five initiatives for Oregon’s economic development which, collectively, touch every part of the state and build on academic excellence residing in Oregon’s postsecondary institutions. The Initiatives will seek to strengthen partnerships among postsecondary institutions, public agencies, and private business; remove barriers to the successful accomplishment of these initiatives; and build on existing or emerging momentum in opportunity areas not otherwise fully addressed by other public or private entities.

**Staff Responsible:** Susan Weeks, OUS
Lisa Zavala, OUS

**Stakeholders:**
- Oregon Department of Economic and Community Development
- OUS Institutions
- Others

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

**First Draft Due:** July 1, 2004
580-07  **Retention of Interest Earnings on Auxiliary Enterprise Funds**

**Purpose:** OUS receives no state appropriation for housing. Housing must support all of its needs from occupancy revenue. Currently, operating funds are deposited with the State Treasurer with the state retaining the interest earned on those accounts. Interest earned on current operating funds could help support construction, renovation, or deferred maintenance. Student housing on OUS campuses needs to be updated to meet student needs so that OUS can maintain viable occupancy rates. Allowing the OUS to retain the interest earned on auxiliary functions (primarily dormitory/housing) would mean it could be used in support of functions and requirements of student housing facilities.

**Staff Responsible:** Tom Anderes, OUS  
Bob Simonton, OUS  
Lisa Zavala, OUS

**Stakeholders:** Oregon University System Finance and Administration  
OUS Institutions  
Students

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

**First Draft Due:** July 1, 2004

580-08  **Legal Services and Legal Sufficiency Review**

**Purpose:** To authorize the State Board of Higher Education and the institutions to employ attorneys to provide legal services as may be required in the administration of the State Board of Higher Education and OUS, and to exempt OUS, the Board, and the institutions from the requirements for legal sufficiency review of contracts under ORS 291.045, ORS 291.047, and ORS 291.049.

**Staff Responsible:** Ben Rawlins, General Counsel, OUS  
Lisa Zavala, OUS

**Stakeholders:** OUS Office of General Counsel  
OUS Institutions  
Office of the Oregon Attorney General

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

**First Draft Due:** July 1, 2004
Status of the Western Undergraduate Exchange Program

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

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

The Board guidelines for OUS participation in WUE provide that:

- A WUE program must be able to accommodate a limited number of additional students without requiring additional resources;
- WUE admissions must be on a space-available basis and limited to the programs approved for WUE participation by the OUS Office of Academic Affairs;
- Nonresident students previously or currently enrolled at OUS institutions will not be allowed to convert to WUE status;
- WUE students who change majors to a non-WUE program will lose their WUE status; and
- WUE students enrolled in accordance with these guidelines shall continue to be eligible for the WUE tuition rate for the duration of their undergraduate academic program, even if that program is removed from the approved list.

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

Since its inception, total WUE enrollment at four-year universities in all participating states has grown to more than 18,000 students. This academic year (2003-04), 1,320 Oregon residents participated in the WUE program, of whom 127 attended two-year colleges. Oregon institutions received 1,254 WUE students, a decrease of 135 students from 2002-03. The distribution of the 1,254 incoming WUE students is: Oregon Institute of Technology (43), Oregon State University (85), Portland State University (484),
Southern Oregon University (380), University of Oregon (137), and Western Oregon University (125).

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

In keeping with the OUS practice of local campus administration of this program, Oregon State University (OSU) has chosen to end its participation in WUE. Students entering OSU in 2002-03 were the last class to be offered a WUE discount. OSU’s decision to admit no additional WUE students was based on the negative fiscal impact that receiving only 150 percent of resident tuition was having on its campus.

In 2003-04, Nevada and Idaho continued to receive the most students (277 and 240, respectively) from Oregon. Other states receiving significant numbers of Oregon residents are Hawaii (154), Montana (153), Colorado (102), and Arizona (91). Overall, Nevada continues to receive the most WUE students (2,788) from all participating states; California (74) and New Mexico (69) receive the least.

Oregon receives students most frequently from Washington (417), Alaska (243), Hawaii (209), and Idaho (101).
Oregon State Board of Higher Education

MINUTES

Page

Special Board Meeting, March 31, 2004 53
Board Executive Session Meeting, March 31, 2004 55
Finance/Budget/Audit/Personnel/Real Estate Committee, April 2, 2004 57
Regular Board Meeting, April 2, 2004 77
Special Board Executive Committee Meeting, April 15, 2004 131

May 7, 2004

Oregon State Board of Higher Education
1. CALL TO ORDER/ROLL CALL
President Neil Goldschmidt called the special meeting of the State Board of Higher Education to order at 5:00 p.m.

The following State Board of Higher Education members answered present:

Bridget Burns        Tim Nesbitt
Kirby Dyess          Geri Richmond
Neil Goldschmidt     Gretchen Schuette
Henry Lorenzen       John von Schlegell
Rachel Pilliod       Howard Sohn

Absent: Director Don Blair (business conflict).

Chancellor’s Office staff present: Diane Saunders, Diane Sawyer, Marcia Stuart, and Virginia Thompson.

Others present: Assistant Attorney General Joe McNaught, DOJ; Shelby Oppel, Oregonian; Melissa Unger, OSA.

2. ACTION ITEM
At 5:15 p.m., after introductory remarks, President Goldschmidt called for a motion to adjourn the special meeting into an Executive Session. Director Nesbitt moved to adjourn and the motion was passed.

President Goldschmidt called the special telephonic Board meeting back into open session at 5:45 p.m. and called for a motion to authorize the Board President to conclude negotiations with Chancellor Jarvis and execute an agreement on behalf of the Board substantially in the form of a proposed draft agreement. Director Schuette made the motion and the secretary called for a vote. On roll call, the following voted in favor: Directors Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: none. (Director Burns was on a cell phone that went dead. Therefore, she was not on the phone at the time of the vote.)

President Goldschmidt called on Assistant Attorney General Joe McNaught to describe the second action to be taken by the Board. McNaught referred to a resolution employment agreement release that Chancellor Jarvis had indicated, that upon the modification of travel subsidy, he authorized the Board to announce his willingness to resign his position.
as Chancellor of the Oregon University System. McNaught added that, consistent with and support of the agreement, the Board could entertain a motion to accept that resignation. Director Dyess moved to accept Chancellor Jarvis’ resignation. Those voting in favor: Directors Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: none. (Director Burns was on a cell phone that went dead. Therefore, she was not on the phone at the time of the vote.)

3. **ADJOURNMENT**
The meeting adjourned at 6:05 p.m.

Virginia L. Thompson  
Secretary of the Board

Neil Goldschmidt  
President of the Board
OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF THE TELEPHONIC EXECUTIVE SESSION OF THE BOARD
MARCH 31, 2004

1. CALL TO ORDER/ROLL CALL
A telephonic meeting of the State Board of Higher Education was called to order on March 31, 2004. It was held pursuant to ORS 192.660(1)(f) to consider attorney-client privileged information or records concerning personnel matters that are exempt by law from public inspection. Pursuant to ORS 192.660(4), no final action was taken or final decision was made at the executive session.

President Goldschmidt called the executive session to order at 5:15 p.m.

On roll call, the following Board members answered present:
- Bridget Burns
- Kirby Dyess
- Henry Lorenzen
- Tim Nesbitt
- Rachel Pilliod
- Geri Richmond
- John von Schlegell
- Gretchen Schuette
- Howard Sohn
- Neil Goldschmidt

Absent: Don Blair (business conflict)

Chancellor’s Office staff present: Diane Saunders and Virginia Thompson.

Others present: Joe McNaught, DOJ, and Shelby Oppel, Oregonian, Portland, Oregon

2. ADJOURN TO EXECUTIVE SESSION
President Goldschmidt moved to adjourn to executive session. The following voted in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: none. The Board adjourned to executive session.

3. DISCUSSION REGARDING PERSONNEL MATTER
Joe McNaught, Department of Justice, informed the Board of a personnel matter and its potential impact on the Board, Board members, and the System.

4. ADJOURNMENT
The executive session adjourned at 5:45 p.m.

Virginia L. Thompson
Secretary of the Board

Neil Goldschmidt
President of the Board
OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF THE FINANCE/BUDGET/AUDIT/PERSONNEL/REAL ESTATE COMMITTEE
OREGON HEALTH & SCIENCE UNIVERSITY

APRIL 2, 2004

1. CALL TO ORDER/ROLL CALL
In the absence of the Chair and Vice Chair, President Goldschmidt called the meeting of the Board’s Finance/Budget/Audit/Personnel/Real Estate Committee to order at 8:00 a.m. Vice Chair Lorenzen joined the meeting at 8:10 a.m.

On roll call, the following Board members answered present:

Neil Goldschmidt    Henry Lorenzen
John von Schlegell

Absent: Director Don Blair (business conflict)

Other Board members present: Directors Kirby Dyess, Tim Nesbitt, Geri Richmond, Gretchen Schuette, and Howard Sohn.

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

Others: Presidents Dan Bernstine, Philip Conn, Martha Anne Dow, Dixie Lund, Ed Ray, and Elisabeth Zinser, Provosts Lesley Hallick and John Moseley were also in attendance.

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

2. APPROVAL OF MINUTES
• FBAPRE Committee Meeting, March 5, 2004

Vice Chair Lorenzen pointed out a typographical error and, with that correction, asked for a motion and second to approve the minutes of the Finance Committee. Director Goldschmidt moved that the minutes be approved as corrected. Those voting in favor: Directors Goldschmidt, von Schlegell, and Lorenzen. Those voting no: None.
3. **ACTION ITEMS**
   a. Managerial Reporting—Quarterly Management Report

**DOCKET ITEM:**

**Background**
The Board of Higher Education, at the April 20, 2001, meeting, authorized the Chancellor’s Office to undertake a project to design a fiscal accountability framework consistent with fulfilling the fiduciary responsibility of the Board, Chancellor’s Office, and institutions, while recognizing the increased responsibilities of the individual institutions. For purposes of this project, a fiscal accountability framework was defined as the management structure, controls, and guidance that assist the Oregon University System (OUS) Board, Chancellor’s Office, and institutions in setting fiscal-related goals and monitoring the performance of those goals. This project was undertaken in response to concerns expressed by the System’s external auditors regarding a diminution, or weakening of internal controls within OUS resulting from changes that had taken place over the previous years affecting fiscal operations. In particular, the auditors noted increased risk of the inconsistent or lack of application of Generally Accepted Accounting Principles, reduced effectiveness of the management review control, and inconsistent application of standard System policies. The auditors supported this project as a means to address these issues. The final report on the fiscal accountability framework project was presented to the Board in February 2002. Detailed information related to the project, as well as the final project report, can be found at the following URL: http://www.ous.edu/cont-div/faf/.

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

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

- Comparison of projected end of year amounts to initial and operational budgets;
- Comparison of year-to-date financial activity to prior year; and
- Tracking of monthly cash balances.
The intent was to report the operating activities of the seven OUS universities and the Chancellor’s Office in a series of summarized and useful reports.

The reports noted above and presented herein focus on unrestricted funds (including budgeted operations of the Education and General and Statewide Public Service Programs; designated operations; service departments; clearing funds; and auxiliary enterprise funds). Reports addressing the other funds of OUS will be incorporated in future phases of the managerial reporting project.

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

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

**Analysis**
The attached management reports of unrestricted funds are designed to provide information on the financial activity of the current fiscal year, to identify potential problems, and to provide consistent documentation that ongoing monitoring is taking place. The three reports contain data from the unaudited accounting records as of December 31, 2003.

The actual December 31, 2003, amounts represent unaudited amounts without adjustments. After reviewing the series of unrestricted funds and auxiliary enterprise reports received from each university, the following items are noted.

**Comparison of Current Projections to Initial and Operational Budgets:**

**Initial Budget Approved by the Board for 12 Months Ending June 30, 2004**

The Board approved the FY 2003-04 budget for the unrestricted funds and auxiliary enterprises in October 2003. The total expenditure budget was $1.174 billion.

For the Education and General program (including Statewide Public Services), the $845 million expenditure budget comprised General Fund appropriations and a legislative expenditure limitation of other funds revenue. Universities’ revenue forecasts for FY 2003-04 totaled $1.143 billion. The $30 million difference was to be made up as follows:
Issuance of COPS: $3 million
Planned Use of Beginning Fund Balances: $13 million
FY 2003-04 Legislative Expenditure
Limitation in excess of Revenue Forecasts: $14 million

Operational Budget for 12 Months Ending June 30, 2004

The operational budget refers to the budget amounts in the university accounting records. Universities have varying approaches for recording their operational budgets. One approach is to enter an annual budget in July and, to provide for consistency, not update the budget amounts throughout the year. Another approach revises the budget amounts throughout the year as additional information becomes available. Presenting the operational budget on this report fulfills a requirement established by the fiscal accountability framework relating to the tracking of budget variances. It is not a projection of final expected results.


The current projections refer to amounts based on current information available from university budget officers. The projections are initially determined from a trend analysis of the prior two years. The projections are then reviewed and revised by university budget officers. The projections become more accurate as the year continues.

General Fund Appropriations
General fund appropriations in the initial budget were $322 million. Current projections for government appropriations are $4 million or one percent less than the initial budget approved by the Board. These reductions are due to the failure of Measure 30, which is estimated to have a biennial impact of $8 million.

Student Tuition and Fees
The initial budget projected student tuition and fees revenue of $389 million. The current projection of $386 million is lower in comparison to the initial budget due to lower student enrollment than originally projected.

Other Education and General Revenues
Current projections for other Education and General revenues have declined by $29 million compared to the initial budget. This is partially related to accounting for the estimated $3 million activity of AHA International (recently merged with UO) in designated operations rather than the Education and General program as originally budgeted. OSU has $15 million in revenues originally included in the initial budget that it does not believe to be recognizable, $7 million of which relates to statewide activities. Other revenue shortfalls relate to the transfer of activities originally included in Education and General to designated operations, lower student enrollment, and other revisions to original projections.
Education and General Expenditures
The current projections for Educational and General expenditures are lower by $52 million (net of transfers out of $22 million) or six percent less than the initial budget approved by the Board. Approximately $14 million of the decrease is due to the total General Fund appropriations and other revenues being less than the total expenditure limitation approved by the Legislature. An additional decrease is due to the shifting of programs from the Education and General program to designated operations, including the activity related to AHA International at UO of $3 million. The remaining variance is believed due to the current reluctance of university departments to spend their budgets. The recent history of mid-year budget cuts and unknown impact of the defeat of Measure 30 have caused budgeted spending to be delayed. Spending levels may increase when the final outcome of Measure 30 cuts is known.

Designated Operations
Projected revenues and expenditures for designated operations have been adjusted upward by $12 million and $13 million, respectively. This is due mainly to an adjustment for the activity of AHA International, originally estimated as a $3 million program, but now projected to be a $6 million program; and other general growth in designated operations programs.

Auxiliary Enterprises
Projected revenues and expenditures for auxiliary enterprises have declined by $16 million and $29 million, respectively, compared to the initial budget. Housing occupancy rates, athletic ticket sales, and athletic tournament participation are lower than projected in the initial budget.

Ending Fund Balance of Unrestricted and Auxiliary Enterprise Funds
The current projected fund balance of $98 million is $2 million less than the beginning fund balance.

Comparison of the Six Months ended December 31, 2003 and 2002:

Government Appropriations
Government appropriations decreased $45 million for the first six months ended December 31, 2003, compared to the same period in 2002. This is due mainly to a two percent state appropriation decline of $4 million (pre-Measure 30 decline) and a timing difference between the years in the monthly allocation causing a temporary decline of $41 million. Government appropriations are allocated monthly, based on an allocation plan established at the beginning of the fiscal year. For fiscal year 2004, a larger proportion of government appropriations will be received later in the year.

Student Tuition and Fees
Student Tuition and Fees recorded through December 31, 2003, of $272 million increased by $36 million compared to the same period last year. The increase is attributed to the following:
• Tuition and fee increases of approximately $33 million.
• Increased enrollment of approximately $4 million.

**Designated Operations Revenues**
Designated operations revenues increased approximately $5 million to $22 million for the first six months ended December 31, 2003, compared to the same period last year. The increase is primarily attributed to approximately $3 million relating to the activity of AHA International and approximately $1 million relating to increased sales and services.

**Auxiliary Enterprises Revenues**
Auxiliary Enterprises Revenues increased $6 million to $135 million for the first six months ended December 31, 2003, compared to the same period last year. The net increase is primarily attributed to the following:

• Increased rates for housing, student incidental fees, and parking fees of approximately $6 million.
• Increased athletic revenue of approximately $4 million relating to OSU now recognizing NCAA and television revenues in the month earned instead of the month received.
• Increased housing revenue of approximately $2 million relating to PSU’s housing management. PSU housing was previously managed by a non-profit agency.
• Partially offset by a timing difference in housing revenue of $6 million relating to a change in the revenue allocation between terms at OSU and UO. OSU and UO recognized 33 percent of annual housing receipts as revenue in the fall term 2003 compared to 40 percent in the fall term 2002.

**Education and General Expenditures**
Education and General expenditures for the six months ended December 31, 2003, are lower than the Education and General revenues. This is because the recording of revenues in the first half of the fiscal year includes a portion of winter term student tuition and fees while the winter term expenditures are primarily incurred in the third quarter.

Education and General expenses of $347 million for the six months ending December 31, 2003, decreased by $7 million or two percent compared to the same period in 2002. Equipment and library purchases declined approximately $4 million, services and supplies and internal sales reimbursements both declined approximately $1 million. This is believed to be due to the current reluctance of university departments to spend their budgets given recent history of mid-year budget cuts and the unknown impact of Measure 30. Wages and benefits remained flat.

**Designated Operations Expenditures**
Designated operations expenditures increased approximately $4 million, with approximately $3 million relating to the activity of AHA International and approximately $1 million relating to sales and services.
**Auxiliary Enterprise Expenditures**
Auxiliary expenditures increased approximately $3 million for the six months ended December 31, 2003 compared to 2002. Total salaries and wages and benefits increased by $2 million. Depreciation increased $1 million.

**Net Operating Surplus (Deficit)**
Net Operating Surplus increased four percent for the six months ended December 31, 2003, compared to 2002. This can be attributed to small net increases in all categories.

**Beginning Fund Balance Adjustments**
This variance relates to the cumulative effect of change in accounting principle reported in the 2003 Annual Financial Report.

**Tracking of Monthly Cash Balances:**

**Cash Balances at December 31, 2003**
The cash balances at December 31, 2003, were comparable to prior months and to the same periods in prior year.

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

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

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

The fiscal status of OUS unrestricted funds (including designated operations, service departments, and auxiliary enterprise funds) at December 31, 2003, is stable. University management have adjusted their budgets and managed revenues and expenditures in response to anticipated revenue and expenditure fluctuations.

**Staff Recommendation to the Board:**
Staff recommended that the Board accept the above management reports for December 31, 2003. Additional reports will be prepared for the quarter ending March 31, 2004, and will be presented to the Board in June 2004.
Appendix A – 15 Management Reporting Needs
The managerial reporting workgroup identified 15 reports, falling into the following categories:

<table>
<thead>
<tr>
<th>Managerial Reporting Need</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preliminary Estimates of Revenue and Expense (annual report)</td>
<td>Implemented</td>
</tr>
<tr>
<td>Estimates versus Actual Comparisons</td>
<td>Implemented</td>
</tr>
<tr>
<td>Revised Estimates of Annual Revenue and Expense</td>
<td>Implemented</td>
</tr>
<tr>
<td>Comparison of Actual Revenue and Expense to Prior Year</td>
<td>Implemented</td>
</tr>
<tr>
<td>Capital Projects Summary</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Development (fund-raising)</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Cash</td>
<td>Implemented</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Investments – Endowments</td>
<td>Investment Committee</td>
</tr>
<tr>
<td>Debt Capacity</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Legal</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Grants/research</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Technology (Information Technology)</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Regulations</td>
<td>To be implemented</td>
</tr>
<tr>
<td>Risk Management</td>
<td>To be implemented</td>
</tr>
</tbody>
</table>
### Oregon University System
Comparison of Current Projects to Initial and Operating Budgets
Current Unrestricted Funds
December 31, 2003
(In thousands, except percentages)

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
<th>Column 4</th>
<th>Column 5</th>
<th>Column 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Favorable (Unfavorable)</td>
</tr>
<tr>
<td>Educational and General *</td>
<td>815,087</td>
<td>1,037</td>
<td>816,124</td>
<td>780,280</td>
<td>(35,844)</td>
</tr>
<tr>
<td>General Fund Appropriations</td>
<td>322,285</td>
<td>9,556</td>
<td>331,841</td>
<td>322,285</td>
<td>(9,556)</td>
</tr>
<tr>
<td>Measure 30 Reduction</td>
<td>-</td>
<td>-</td>
<td>(3,750)</td>
<td>(3,750)</td>
<td>-3%</td>
</tr>
<tr>
<td>Student Tuition and Fees</td>
<td>389,460</td>
<td>6,709</td>
<td>396,169</td>
<td>386,119</td>
<td>(10,050)</td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>38,764</td>
<td>(1,090)</td>
<td>37,674</td>
<td>39,675</td>
<td>2,001</td>
</tr>
<tr>
<td>Other</td>
<td>64,578</td>
<td>(14,138)</td>
<td>50,440</td>
<td>35,952</td>
<td>(14,489)</td>
</tr>
<tr>
<td>Designated Operations</td>
<td>29,577</td>
<td>13,359</td>
<td>42,936</td>
<td>41,356</td>
<td>(1,580)</td>
</tr>
<tr>
<td>Service Departments</td>
<td>46,339</td>
<td>(5,284)</td>
<td>41,055</td>
<td>41,304</td>
<td>249</td>
</tr>
<tr>
<td>Clearing Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>252,869</td>
<td>(13,857)</td>
<td>239,012</td>
<td>237,066</td>
<td>(1,946)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>1,143,872</td>
<td>(4,745)</td>
<td>1,139,127</td>
<td>1,100,011</td>
<td>(39,116)</td>
</tr>
<tr>
<td>Less: Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Educational and General</td>
<td>(828,937)</td>
<td>(22,691)</td>
<td>(851,628)</td>
<td>(772,034)</td>
<td>79,594</td>
</tr>
<tr>
<td>Designated Operations</td>
<td>(29,577)</td>
<td>(11,819)</td>
<td>(41,396)</td>
<td>(42,166)</td>
<td>(770)</td>
</tr>
<tr>
<td>Service Departments</td>
<td>(46,339)</td>
<td>4,629</td>
<td>(41,710)</td>
<td>(42,220)</td>
<td>(510)</td>
</tr>
<tr>
<td>Clearing Funds</td>
<td>(102)</td>
<td>-</td>
<td>(102)</td>
<td>83</td>
<td>-1%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>(252,869)</td>
<td>7,556</td>
<td>(245,313)</td>
<td>(223,801)</td>
<td>21,512</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>(1,157,722)</td>
<td>(22,427)</td>
<td>(1,180,149)</td>
<td>(1,080,240)</td>
<td>99,909</td>
</tr>
<tr>
<td><strong>Net Operating Surplus (Deficit)</strong></td>
<td>(13,850)</td>
<td>(27,172)</td>
<td>(41,022)</td>
<td>19,771</td>
<td>60,793</td>
</tr>
<tr>
<td>Transfers In (Out)</td>
<td>-</td>
<td>(25,501)</td>
<td>(25,501)</td>
<td>(22,023)</td>
<td>3,478</td>
</tr>
<tr>
<td>Fund Additions/(Deductions)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(171)</td>
<td>(171)</td>
</tr>
<tr>
<td>Beg. Fund Balance Adjustments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Beginning Fund Balance</strong></td>
<td>99,998</td>
<td>-</td>
<td>99,998</td>
<td>99,998</td>
<td>-</td>
</tr>
<tr>
<td><strong>Ending Fund Balance</strong></td>
<td>86,148</td>
<td>(52,673)</td>
<td>33,475</td>
<td>97,575</td>
<td>64,100</td>
</tr>
</tbody>
</table>
Comparison of Year-to-Date Financial Activity to Prior Year

Current Unrestricted Funds
December 31, 2003
(In thousands, except percentages)

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 Months</td>
<td>6 Months</td>
<td>(1) less (2)</td>
<td>(3)/(2)</td>
</tr>
<tr>
<td></td>
<td>Ended</td>
<td>Ended</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December 31, 2003</td>
<td>December 31, 2002</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational and General</td>
<td>474,069</td>
<td>479,693</td>
<td>(5,624)</td>
<td>-1%</td>
</tr>
<tr>
<td>Government Appropriations</td>
<td>175,323</td>
<td>220,051</td>
<td>(44,728)</td>
<td>-20%</td>
</tr>
<tr>
<td>Student Tuition and Fees</td>
<td>271,559</td>
<td>235,069</td>
<td>36,490</td>
<td>16%</td>
</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>16,530</td>
<td>13,323</td>
<td>3,207</td>
<td>24%</td>
</tr>
<tr>
<td>Other</td>
<td>10,657</td>
<td>11,250</td>
<td>(593)</td>
<td>-5%</td>
</tr>
<tr>
<td>Designated Operations</td>
<td>21,920</td>
<td>17,274</td>
<td>4,646</td>
<td>27%</td>
</tr>
<tr>
<td>Service Departments</td>
<td>17,979</td>
<td>16,485</td>
<td>1,494</td>
<td>9%</td>
</tr>
<tr>
<td>Clearing Funds</td>
<td>7,974</td>
<td>6,386</td>
<td>1,588</td>
<td>25%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>135,311</td>
<td>129,490</td>
<td>5,821</td>
<td>4%</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>657,253</td>
<td>649,328</td>
<td>7,925</td>
<td>1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Less: Expenditures</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Educational and General</td>
<td>(347,239)</td>
<td>(354,618)</td>
<td>7,379</td>
<td>2%</td>
</tr>
<tr>
<td>Designated Operations</td>
<td>(21,946)</td>
<td>(17,964)</td>
<td>(3,982)</td>
<td>-22%</td>
</tr>
<tr>
<td>Service Departments</td>
<td>(19,149)</td>
<td>(18,938)</td>
<td>(211)</td>
<td>-1%</td>
</tr>
<tr>
<td>Clearing Funds</td>
<td>(2,388)</td>
<td>(1,156)</td>
<td>(1,232)</td>
<td>-107%</td>
</tr>
<tr>
<td>Auxiliary Enterprises</td>
<td>(97,497)</td>
<td>(94,216)</td>
<td>(3,281)</td>
<td>-3%</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>(488,219)</td>
<td>(486,892)</td>
<td>(1,327)</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Operating Surplus (Deficit)</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>169,034</td>
<td>162,436</td>
<td>6,598</td>
<td>4%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transfers In (Out)</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(11,586)</td>
<td>(8,300)</td>
<td>(3,286)</td>
<td>-40%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Additions/(Deductions)</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(282)</td>
<td>(771)</td>
<td>489</td>
<td>-63%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beg. Fund Balance Adjustments</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>97,940</td>
<td>(773)</td>
<td>98,713</td>
<td>-12770%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Beginning Fund Balance</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>124,454</td>
<td>277,166</td>
<td>(152,712)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ending Fund Balance</th>
<th>Actual</th>
<th>Actual</th>
<th>Variance $</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>379,560</td>
<td>429,758</td>
<td>(50,198)</td>
<td></td>
</tr>
</tbody>
</table>
Oregon University System
Quarterly Cash Report – Current Unrestricted Funds
December 31, 2003
(In thousands, except percentages)

### Total Current Unrestricted Funds

<table>
<thead>
<tr>
<th>Month Ending</th>
<th>FY2004</th>
<th>FY2003</th>
<th>FY2002</th>
<th>FY2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>183,616</td>
<td>162,614</td>
<td>146,449</td>
<td>124,712</td>
</tr>
<tr>
<td>August</td>
<td>167,375</td>
<td>150,599</td>
<td>147,592</td>
<td>101,014</td>
</tr>
<tr>
<td>September</td>
<td>199,071</td>
<td>194,860</td>
<td>182,801</td>
<td>159,496</td>
</tr>
<tr>
<td>October</td>
<td>205,715</td>
<td>203,024</td>
<td>184,290</td>
<td>158,774</td>
</tr>
<tr>
<td>November</td>
<td>178,043</td>
<td>179,047</td>
<td>160,915</td>
<td>141,006</td>
</tr>
<tr>
<td>December</td>
<td>177,366</td>
<td>173,508</td>
<td>160,777</td>
<td>118,882</td>
</tr>
<tr>
<td>January</td>
<td>216,405</td>
<td>193,485</td>
<td>166,107</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>219,675</td>
<td>192,442</td>
<td>149,984</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>211,652</td>
<td>189,388</td>
<td>155,658</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>182,764</td>
<td>168,109</td>
<td>140,145</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>188,971</td>
<td>154,283</td>
<td>129,065</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>177,366</td>
<td>173,508</td>
<td>160,777</td>
<td>118,882</td>
</tr>
</tbody>
</table>

### Educational & General

<table>
<thead>
<tr>
<th>Month Ending</th>
<th>FY2004</th>
<th>FY2003</th>
<th>FY2002</th>
<th>FY2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>112,066</td>
<td>103,549</td>
<td>93,249</td>
<td>77,836</td>
</tr>
<tr>
<td>August</td>
<td>98,973</td>
<td>94,491</td>
<td>74,603</td>
<td>39,317</td>
</tr>
<tr>
<td>September</td>
<td>132,433</td>
<td>133,474</td>
<td>127,540</td>
<td>105,168</td>
</tr>
<tr>
<td>October</td>
<td>140,480</td>
<td>138,847</td>
<td>127,540</td>
<td>82,808</td>
</tr>
<tr>
<td>November</td>
<td>115,427</td>
<td>124,719</td>
<td>97,136</td>
<td>86,364</td>
</tr>
<tr>
<td>December</td>
<td>117,631</td>
<td>118,285</td>
<td>98,883</td>
<td>93,217</td>
</tr>
<tr>
<td>January</td>
<td>124,774</td>
<td>142,461</td>
<td>125,491</td>
<td>143,924</td>
</tr>
<tr>
<td>February</td>
<td>130,807</td>
<td>108,113</td>
<td>98,138</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>156,144</td>
<td>117,474</td>
<td>95,558</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>150,101</td>
<td>132,785</td>
<td>104,647</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>113,705</td>
<td>102,844</td>
<td>77,041</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>113,073</td>
<td>95,580</td>
<td>77,885</td>
<td></td>
</tr>
</tbody>
</table>

### Designated Operations

<table>
<thead>
<tr>
<th>Month Ending</th>
<th>FY2004</th>
<th>FY2003</th>
<th>FY2002</th>
<th>FY2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>14,434</td>
<td>13,778</td>
<td>15,197</td>
<td>13,959</td>
</tr>
<tr>
<td>August</td>
<td>14,030</td>
<td>12,399</td>
<td>12,230</td>
<td>12,803</td>
</tr>
<tr>
<td>September</td>
<td>12,855</td>
<td>12,518</td>
<td>12,653</td>
<td>13,929</td>
</tr>
<tr>
<td>October</td>
<td>12,853</td>
<td>12,149</td>
<td>13,110</td>
<td>14,873</td>
</tr>
<tr>
<td>November</td>
<td>12,433</td>
<td>11,348</td>
<td>14,093</td>
<td>14,435</td>
</tr>
<tr>
<td>December</td>
<td>12,686</td>
<td>11,444</td>
<td>12,879</td>
<td>14,181</td>
</tr>
<tr>
<td>January</td>
<td>11,049</td>
<td>14,506</td>
<td>14,976</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>11,511</td>
<td>13,684</td>
<td>14,358</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>11,490</td>
<td>13,972</td>
<td>14,908</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>11,402</td>
<td>12,630</td>
<td>15,685</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>12,149</td>
<td>13,210</td>
<td>15,276</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>14,364</td>
<td>14,229</td>
<td>15,627</td>
<td></td>
</tr>
</tbody>
</table>

---

**Oregon State Board of Higher Education**

Page 67

APPENDIX A
Oregon University System
Quarterly Cash Report – Current Unrestricted Funds
December 31, 2003
(In thousands, except percentages)

Service Departments

<table>
<thead>
<tr>
<th>Month Ending</th>
<th>FY2004</th>
<th>FY2003</th>
<th>FY2002</th>
<th>FY2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>3,722</td>
<td>3,717</td>
<td>4,364</td>
<td>6,315</td>
</tr>
<tr>
<td>August</td>
<td>3,398</td>
<td>3,340</td>
<td>4,436</td>
<td>6,220</td>
</tr>
<tr>
<td>September</td>
<td>2,387</td>
<td>2,438</td>
<td>4,414</td>
<td>6,191</td>
</tr>
<tr>
<td>October</td>
<td>1,735</td>
<td>2,560</td>
<td>4,679</td>
<td>7,028</td>
</tr>
<tr>
<td>November</td>
<td>3,452</td>
<td>2,216</td>
<td>4,947</td>
<td>5,988</td>
</tr>
<tr>
<td>December</td>
<td>2,991</td>
<td>1,523</td>
<td>4,467</td>
<td>5,108</td>
</tr>
<tr>
<td>January</td>
<td>2,746</td>
<td>5,148</td>
<td>5,490</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>2,907</td>
<td>4,771</td>
<td>4,681</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>2,881</td>
<td>4,771</td>
<td>4,681</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>2,816</td>
<td>4,111</td>
<td>5,080</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>2,915</td>
<td>3,678</td>
<td>6,460</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>4,470</td>
<td>4,749</td>
<td>5,060</td>
<td></td>
</tr>
</tbody>
</table>

Clearing Funds

<table>
<thead>
<tr>
<th>Month Ending</th>
<th>FY2004</th>
<th>FY2003</th>
<th>FY2002</th>
<th>FY2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>11,290</td>
<td>10,460</td>
<td>9,665</td>
<td>8,490</td>
</tr>
<tr>
<td>August</td>
<td>13,457</td>
<td>11,763</td>
<td>29,643</td>
<td>26,533</td>
</tr>
<tr>
<td>September</td>
<td>1,363</td>
<td>4,487</td>
<td>33,264</td>
<td>21,764</td>
</tr>
<tr>
<td>October</td>
<td>546</td>
<td>6,125</td>
<td>2,918</td>
<td>3,225</td>
</tr>
<tr>
<td>November</td>
<td>4,788</td>
<td>1,874</td>
<td>14,081</td>
<td>17,485</td>
</tr>
<tr>
<td>December</td>
<td>169</td>
<td>2,592</td>
<td>17,880</td>
<td>349</td>
</tr>
<tr>
<td>January</td>
<td>2,278</td>
<td>(4,119)</td>
<td>(2,364)</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>3,393</td>
<td>8,943</td>
<td>4,361</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>(622)</td>
<td>19,992</td>
<td>14,046</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>(573)</td>
<td>(2,531)</td>
<td>(905)</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>9,114</td>
<td>5,552</td>
<td>6,245</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>(1)</td>
<td>(1)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Auxiliary Enterprises

<table>
<thead>
<tr>
<th>Month Ending</th>
<th>FY2004</th>
<th>FY2003</th>
<th>FY2002</th>
<th>FY2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>42,104</td>
<td>31,110</td>
<td>23,974</td>
<td>18,112</td>
</tr>
<tr>
<td>August</td>
<td>37,517</td>
<td>28,606</td>
<td>26,680</td>
<td>16,141</td>
</tr>
<tr>
<td>September</td>
<td>50,033</td>
<td>41,943</td>
<td>35,551</td>
<td>27,331</td>
</tr>
<tr>
<td>October</td>
<td>50,101</td>
<td>43,343</td>
<td>36,043</td>
<td>28,480</td>
</tr>
<tr>
<td>November</td>
<td>41,943</td>
<td>38,890</td>
<td>30,658</td>
<td>20,290</td>
</tr>
<tr>
<td>December</td>
<td>43,889</td>
<td>39,664</td>
<td>26,669</td>
<td>12,880</td>
</tr>
<tr>
<td>January</td>
<td>44,589</td>
<td>35,489</td>
<td>23,081</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>41,727</td>
<td>32,598</td>
<td>18,607</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>49,782</td>
<td>36,900</td>
<td>20,461</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>47,906</td>
<td>42,393</td>
<td>30,423</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>44,881</td>
<td>38,492</td>
<td>24,658</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>57,065</td>
<td>39,726</td>
<td>30,494</td>
<td></td>
</tr>
</tbody>
</table>
BOARD DISCUSSION AND ACTION:

Controller Mike Green reviewed for the Board the background of the project to design a fiscal accountability framework or management structure. “The project was undertaken in response to concerns expressed by the System’s external auditors regarding a weakening of internal controls,” he explained. A management reporting workgroup of the fiscal accountability framework reviewed various external resources to identify managerial reporting needs. A subsequent workgroup developed three reports for presentation to the Board.

“The first one is a comparison of projected end-of-year amounts to initial and operating budgets. The second one is a comparison of year-to-date financial activity to prior year amounts. “And,” Mr. Green explained, “the third one is a tracking of monthly cash balances.” He further explained, in presenting the current report, “that a budget deficit occurred in this fiscal year because the institutions planned to use $14 million of beginning fund balances during the fiscal year to balance the budget, which is not considered revenue.”

President Goldschmidt asked Vice Chancellor Anderes if there were any surprises in the report. Dr. Anderes indicated “one of the conclusions here is that we are in a pretty stable environment right now in terms of revenues and expenditures. There have been changes from the initial budget; there have been adjustments to that; and people have adapted. But we are in a pretty stable situation right now.”

It was moved by President Goldschmidt that the Finance Committee accept the management report for December 31, 2003, and recommend acceptance by the full Board. Additional reports will be prepared for the quarter ending March 31, 2004, and will be presented to the Board in June 2004.

Those voting in favor: Directors Goldschmidt, von Schlegell, and Lorenzen. Those voting no: none


DOCKET ITEM:

Pursuant to Internal Management Directive 6.130, a comprehensive report on the Oregon University System’s investment portfolio, consisting of endowment funds (both pooled and separately invested), donation funds, and plant funds, is incorporated in the System’s Investment Report (Report), which is included with the supplemental materials (on file with the Board’s office). The following report summarized the findings of the Investment Report.

As of June 30, 2003, total OUS investments had a combined market value of $291 million, summarized as follows:
The total Pooled Endowment Fund return for fiscal year 2003 was 4.5 percent, which out-performed the policy benchmark return of 2.5 percent. The ten-year average return was 8.9 percent compared to the policy benchmark return of 8.1 percent. During the FY 2003, $2.4 million was distributed for spending to the universities from the Pooled Endowment Fund.

U.S. Treasury Notes and FNMA Securities in the Current Donation Funds and Plant Funds earned between 1.75 percent and 5.35 percent. Other funds invested in the Oregon State Treasury Short-Term Investment Pool earned an average of 1.71 percent.

For additional details of investments and investment performance for each fund, see the complete Report for the year ended June 30, 2003.

**Staff Recommendation to the Board:**
Staff recommended the Board approve the 2003 Annual Report on Investments as presented.

**BOARD DISCUSSION AND ACTION:**
Controller Mike Green introduced Ms. Marcia Beard from R.V. Kuhns, the Board’s investment consultant. He indicated that the report of investment is pursuant to IMD 6.132, which requires annual reporting of investment value and activity. “For the purposes of this report, investments include monies on deposit in the Oregon State Treasury float pool as well as stocks, bonds, real property, contracts, and other investments,” Mr. Green explained. “The state treasurer is the investment officer for all state funds.”

Mr. Green highlighted that the total endowment return is 4.5 percent, which was better than the policy target of 2.5 percent. “The foreign equity allocation at T. Rowe Price continued its recent poor performance. Our consultants on the Investment Committee of the previous Board recommended termination of T. Rowe Price. However, the Treasury Department recommended that we stay the course through a complete market cycle,” Mr. Green continued.

Director von Schlegell asked which benchmarks were being used and Mr. Green explained that they were set by the Investment Committee of the previous Board and that they are blended based on the asset allocation of the policy. President Goldschmidt
asked for clarification on the target allocation. Ms. Beard explained that the target allocation for this pool is 70/30, where 45 percent of the target is in large cap, 15 percent in small-to-mid cap. “This allocation custom benchmark is really based on looking at the benchmarks at the policy stage compared to how the assets are invested,” Ms Beard continued.

It was clarified that the Oregon Investment Council (OIC) approved this. Continuing, President Goldschmidt asked Directors Lorenzen and von Schlegell to meet with the appropriate System staff to learn more about the investment portfolio.

Director von Schlegell asked what the Board’s role was vis-à-vis the OIC and Mr. Green explained that it was a consultative relationship, since the System is just a small fund compared to others with which they consult. In response to a question regarding whether the funds individually have target withdrawal amounts, Mr. Green explained “the current policy is that we distribute four percent of the five year moving weighted average of the market value of the fund to each of the participating funds at the universities. Last year, $2.4 million was distributed out of that fund.” Director Goldschmidt asked Mr. Green to send a memo to what describe each fund and who receives the money.

Director Nesbitt asked for a report on what guidelines are followed for voting proxies on stocks. Mr. Green indicated he would make the appropriate guidelines available.

In response to a question from Director Lorenzen, Mr. Green explained that donation funds are funds gifted to the universities that are not endowments. “In other words, they didn’t say you have to leave the corpus intact and use the earnings a certain way. That is a large number of relatively small gifts so there is a low volatility to that fund. The investments that we can make out of that fund have to be really low risk so we’re into Treasury Notes, Fanny Mae Securities, and essentially 100 percent guaranteed securities.”

It was explained that the Controller’s Division, in conjunction with the State Treasury manage the funds. “Treasury has advised liquidity in those funds through the current market but right now we are looking at some corporate bonds in which to invest those funds,” Mr. Green explained.

Continuing, Mr. Green explained that the bond building funds, 11F and 11G (Articles IX-F(1) and IX-G), are the bond proceeds from the issuance of 11F and 11G debt. “The bond sinking funds are the debt service funds set aside by the institutions to pay the bond payments. Everything we have on deposit with the Treasury is in their float pool, which earned about 1.7 percent last year,” Mr. Green explained.

Director von Schlegell asked Mr. Green if there are recommendations on how the investments could be handled better than they are at the present time. Vice Chancellor Anderes responded that he had preliminary conversations with Director Blair and they would prepare a recommendation for the Board.
President Ray asked if there were any prospect that the Investment Committee of the Board could actually have the authority to make the portfolio investment decisions under guidelines and auditing from the OIC or if the OIC is basically, by statute, responsible for managing the System’s portfolio. Mr. Green indicated that the latter was true. President Goldschmidt added that larger agencies have had the same conversations with OIC.

It was moved by Director von Schlegell that the Finance Committee accept the 2003 Annual Report on Investments and recommend acceptance by the full Board. Those voting in favor: Directors Goldschmidt, von Schlegell, and Lorenzen. Those voting no: none.

4. **REPORT ITEM**

   **a. Legislative Fiscal Budget Process/Expectations**

Steve Bender from the Legislative Fiscal Office (LFO) discussed how the budget process works in the legislature and the legislature’s expectations for OUS in terms of preparing and presenting the budget. (Mr. Bender’s PowerPoint presentation can be found at: www.ous.edu/board/dockets/hnd040402-Bender.pdf.)

Mr. Bender explained that his office staffs several committees of the legislature. “During the legislative session, they staff the Joint Committee on Ways and Means and when the session is over, they staff the Emergency Board, the Joint Legislative Audit Committee, the Joint Legislative Committee on Information Management and Technology, as well as several special committees or task forces.

“We analyze the Governor’s Recommended Budget so we are essentially in charge of explaining to the legislature, as their own staff, what is in the budget, what the likely outcomes of the decisions that the Governor took in crafting the budget are,” Mr. Bender explained. “So, of course, we’ll be having a lot of questions for you and for the Governor’s staff in order to help us determine what the actual outcomes of the Governor’s decisions are likely to be.”

Secondly, the LFO assists in the development of the Ways and Means co-chairs’ budget. The co-chairs develop a balanced budget proposal that reflects their priorities that, at times, will be different from what they find in the budget that the Governor has recommended. Thirdly, the LFO assists in the development of the legislature’s adopted budget. “The Governor also has input after the co-chairs’ budget is announced and the Governor’s Office will be providing input to achieve the final Legislatively Adopted Budget,” Mr. Bender outlined.

It was pointed out that one of the program evaluations and audit reviews the LFO is working on for the Joint Legislative Audit Committee is a review of the administrative functions and duplication of activities at the Chancellor’s Office and the campuses.
However, Mr. Bender indicated that they are not doing the review at this time until it is clearer what changes will be made in the OUS.

The Position Information Control System (PICS) was described. “This is a system that is used to budget or calculate the cost of salaries and certain benefits in the state’s biennial budget. This is done on a position-by-position basis,” Mr. Bender pointed out. “The reason I’m mentioning this is that the Oregon University System is not in PICS. It is essentially the only large state government agency that is not in the system and we budget for OUS very differently than we do for other state agencies. I think that some of the concerns that come from legislators when the budget is presented is because you are not in this PICS system and are unable to provide us, and we are unable to provide legislators, with the same degree of information that they often get from other state agencies,” Mr. Bender asserted.

Continuing, Mr. Bender explained when OUS withdrew from the PICS as a result of the passage of the Higher Education Efficiency Act in 1995, Senate Bill 271 granted the Board authority over personnel issues in OUS. “Part of the result of that, and I don’t honestly know whether it was an absolutely necessary outcome, but it seemed to be at least consistent with that, was to withdraw or take OUS outside of PICS. Now, we have to replicate that information and we try to replicate it in the same manner that PICS would replicate it because when the legislature is looking at budgets, they’re not only looking at yours, they are looking at all state agencies and they need a consistent method for comparing costs among agencies in order to determine how funds need to be allocated.”

By law, on December 1 of each year, the Governor is required to make his budget public. When a new Governor comes into office, there is a delay and they have an extra month to complete the budget.

Mr. Bender pointed out that there aren’t too many of the legislative committees that are statutory, but Ways and Means is one of them. “We’re working directly with leaders and co-chairs to develop a method by which to set budget priorities and timelines for the session. Finally, the formal structure of Ways and Means is established. We typically will establish six subcommittees and, as you would assume, the Education Subcommittee takes up higher education’s budget.

Finally, Mr. Bender talked about bills and budget reports. Basically, the bills authorize state agencies to spend monies that are appropriated from other sources, such as the General Fund or the Lottery Fund. “We do say, in total from all the sources, ‘this is what you can spend.’ Some of the sources that we limit in this manner are indirect cost recovery revenues and gifts for capital construction,” Mr. Bender pointed out.

“The budget bill may also contain a provision that allows you to spend some of your monies without any limitation,” Mr. Bender added. “The only way you can do that is if your bill actually says you can do that. For higher education, we apply a fairly liberal standard and allow you to spend lots of your expenditures without any limitation.”
Vice Chair Lorenzen asked if the limitations on the amount of tuition revenue that can be spent were on a university-by-university basis or Systemwide. Mr. Bender indicated that all of the budgeting was done on a Systemwide basis. OUS will typically have two bills – one an operating budget bill and the other a capital construction bill. The budget report explains the adjustments that the Committee made to the Governor’s Recommended Budget and instructs the agency on how funds are to be spent. There may also be budget notes that address issues of elevated concern. Mr. Bender explained that “the way budget notes and the rest of the instruction in the budget report work is that you are not required by law to do anything that the budget report or the budget notes tell you to do because they are not in the law. But the next session you have to come back to Ways and Means and tell them, by going through every single budget note, how you responded to them.”

Vice Chair Lorenzen pointed out that one of the budget notes was a “direction to develop a plan to integrate accounting and budgeting systems. Are you familiar with what progress is being made by our office to do that?” Mr. Bender responded that System staff has met with the ORBITS section of the Department of Administrative Services and progress is being made. This is a process that is designed or required to be completed in time for OUS to execute the next budget after it is approved by the legislature.

President Goldschmidt asked Mr. Bender to notify him or the Chancellor’s Office regarding a time to have some of the Board’s Committees visit with the Legislative Audit Committee. “I think the Board already knows we have our first informal conversation with some of the team starting Friday afternoon of the coming week. We hope that will get to be a regular and sustained effort in which we will take various portions of the initiatives that we are working on, or other matters of interest, to the Committee. The first one going in is actually the Chancellor’s Office reorganization and the Excellence in Delivery and Productivity Working Group.”

Report Item – Capital Projects

Senior Vice Chancellor Anderes indicated that he is creating both a process and a set of criteria through which the various capital projects will be reviewed. “It is focusing largely on tax-supported capital projects. We’re trying to create a set of conditions that relate to Board priorities that can then be linked into the review and array projects on the basis of that evaluation process.” Continuing, he pointed out that one of the big questions that has been raised is “how much money can you actually request? What’s reasonable?” The State Debt Policy Advisory Commission has basically identified a capacity of debt that they see as possible on an annual basis. Going into the next biennium, they are looking at a $1 billion capacity.

“Putting that in the context of where we were last biennium, we made a request of tax-supported bonds and tax-supported funding – General Funds, General Obligation bonds, lottery bonds – of just under $500 million and we made a request of $500 million
over ten years for a deferred maintenance package,” Dr. Anderes explained. “We received $44 million through lottery and some General Obligation bonds and nothing for deferred maintenance.”

The question, according to Dr. Anderes, is, “Do we want to go in with a billion dollar request or do we want to go in with a more fine tuned request, on the tax supported side, and be much more selective as it relates to More, Better, Faster and the priorities of the other Working Groups? We are creating an evaluation process. At the May Board meeting, the plan is that universities will begin to make presentations and at the June meeting, we'll come back with finalizing the remainder of the presentations by the campuses and then offer a set of recommendations through the Finance Committee.”

Director Dyess asked how these plans relate to the plans of the community colleges and how OUS would avoid double counting or missing something of importance. Vice Chancellor Anderes indicated that, in the past, there had been no coordination. “In fact, there hasn't been a significant request on the part of the community colleges that I'm aware of for General Fund support for capital items.” He explained that a process is being developed to make the connections with community colleges, and representatives will meet and determine how a joint presentation can be made to the legislature. It seems fairly obvious that the most significant needs are in the area of deferred maintenance.

5. **Adjournment**
The meeting adjourned at 9:15 a.m.
(This page intentionally left blank)
OREGON STATE BOARD OF HIGHER EDUCATION
REGULAR MEETING OF THE BOARD OF HIGHER EDUCATION
OREGON HEALTH & SCIENCE UNIVERSITY

FRIDAY, APRIL 2, 2004

1. CALL TO ORDER/ROLL CALL
President Neil Goldschmidt called the regular meeting of the Oregon State Board of Higher Education to order at 9:15 a.m.

On roll call, the following Board members answered present:

   Bridget Burns   Geri Richmond
   Kirby Dyess     John von Schlegell
   Henry Lorenzen  Gretchen Schuette
   Tim Nesbitt    Howard Sohn
   Rachel Pilliod  Neil Goldschmidt

Absent: Director Don Blair (business conflict)

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

Others: Presidents Dan Bernstein, Phillip Conn, Martha Anne Dow, Dixie Lund, Ed Ray, and Elisabeth Zinser. Vice Provost John Moseley was also in attendance.

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

a. Resolution: Chief Executive Officer

   WHEREAS, ORS 351.075 provides that the Oregon State Board of Higher Education shall appoint a Chief Executive Officer known as the Chancellor of the Oregon University System who serves at the pleasure of the Board, and one or more assistants as may be necessary, and

   WHEREAS ORS 351.075 provides further that the Board shall fix the compensation of such assistants,

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

   Section 1. The Board shall appoint an Assistant to the Chancellor of the Oregon University System who shall serve at the pleasure of the Board.
Section 2. The position of the Assistant to the Chancellor shall have the title of Chief Operating Officer and Executive Vice Chancellor.

Section 3. The duties and responsibilities for the position of Chief Operating Officer and Executive Vice Chancellor shall be those set forth in the position description attached as Exhibit 1 hereto.

Section 4. Jon Yunker is appointed as interim Chief Operating Officer and Executive Vice Chancellor on a one-half time basis and his compensation shall be $60,000 per year.

Section 5. The interim Chief Operating Officer and Executive Vice Chancellor is authorized to engage in and exercise authority expressly delegated to him by the Chancellor.

Section 6. The interim Chief Operating Officer and Executive Vice Chancellor is authorized to engage in and perform the duties and responsibilities set forth in Exhibit 1 hereto.

This Resolution of the Board of Directors is dated and deemed effective as of April 2, 2004.

OREGON STATE BOARD OF HIGHER EDUCATION

by:
Title:

EXHIBIT 1 to
RESOLUTION OF THE STATE BOARD OF HIGHER EDUCATION
Position Description
Chief Operating Officer and Executive Vice Chancellor
Oregon University System

General Duties and Responsibilities
The Chief Operating Officer and Executive Vice Chancellor (COO) reports to the Oregon State Board of Higher Education and the Chancellor and is responsible for the establishment and coordination of the financial and administrative management of the System and the provision of Centralized Services. The COO will serve at the pleasure of the Board. The COO will be the immediate supervisor of the Senior Vice Chancellors, General Counsel and Deputy to the Chancellor, the Board Secretary, and Deputy for Planning. The COO will lead System efforts, working with the Board and the campuses, to evaluate current business operations, and develop more cost effective ways to perform financial and business operations within the scope of a new working
relationship with the state of Oregon. A key component of this position is to work in tandem with the Board to implement a new vision for the administration of higher education within the state of Oregon. This position is also charged with making a successful effort on the part of the OUS to integrate its offerings with the Executive Branch budget and to coordinate the presentation of its budget in such a way that the Legislative Fiscal Officer and the Ways and Means Committee are satisfied with the methodology and the manner of the presentation.

The COO shall be immediately responsible for oversight of the following activities:

1. Review and evaluate fiscal and administrative operations of OUS;
2. Identify and implement specific strategies to realize Systemwide savings;
3. Oversee the establishment and implementation of fiscal systems, as well as provide guidance to institutions;
4. Facilitate the development of budget policies and procedures;
5. Monitor operating and capital budget results;
6. Develop financial and operational strategies within the institutions;
7. Enhance effectiveness of business management activities at the institution and the Chancellor’s Office and assist institutions in their business management practices;
8. Direct and supervise all collective bargaining with any certified or recognized exclusive employee representative;
9. Supervise the preparation of, adoption, repeal, and modification of Administrative Rules and Internal Management Directives; review proposed institutional rules;
10. Develop and monitor System and institution personnel policies for academic and classified staff;
11. Coordinate the provision of System legal and contracting services;
12. Provide liaison with the Board, the Governor, the Department of Administrative Services, other agencies, and local, state, and federal government as appropriate; and
13. Prepare and submit to the Board an annual operating budget for all institutions, departments, and activities of the Board.

Board Discussion and Action
Mr. Joe McNaught, Assistant Attorney General, Department of Justice, provided some background on the Resolution and the creation of the position. “What this Resolution does is add a new assistant, a statutory assistant, to the Chancellor,” Mr. McNaught explained. Furthermore, the resolution, through Exhibit 1, outlines the duties of the position and appoints Jon Yunker as interim Chief Operating Officer.”

Director Dyess moved approval of the Resolution and the appointment of Jon Yunker to the position of interim Chief Operating Officer. Those voting in favor: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.
2. **Presidents' Conversation with the Board: Portland State University**

Conversation with the Oregon State Board of Higher Education

Daniel O. Bernstine
Portland State University
April 2, 2004
OHSU

**PORTLAND STATE UNIVERSITY—A PROGRESS REPORT AND AGENDA FOR THE FUTURE**

Portland State University’s presentation will focus on the Board’s priorities to expand access, serve students better, improve academic excellence, and promote economic development. Portland State University’s work in these areas reflects its urban university mission; is successful because of partnerships, particularly with community colleges; and embodies the values of sustainability—economic, social, and environmental—broadly defined.

**PSU's History and Mission – An Overview**

Portland State University was formed in 1946 as an extension center for returning veterans. Today, the University is a premier urban university. Urban universities—like the land grant institutions—have federal legislation that defines their characteristics. In the 1992 Reauthorization of the Higher Education Act, Congress created Title XI, the Urban Community Service legislation, which establishes the criteria used by urban universities: urban universities are located in areas with a population of at least 350,000 residents; have programs aimed at increasing access to higher education; are responsive to the needs and priorities of the urban region; offer professional, technical, or graduate programs that are sufficient to sustain the university’s capacity to provide resources responsive to urban needs and priorities; and have a demonstrated sense of responsibility to the needs and priorities of the urban area.

Portland State University’s mission is consistent with this definition of urban universities: *Portland State University’s mission is to enhance the intellectual, social, cultural, and economic qualities of urban life by providing access throughout the life span to a quality liberal education for undergraduates and an appropriate array of professional and graduate programs especially relevant to metropolitan areas. The University conducts research and community service that support a high quality educational environment and reflect issues important to the region. It actively promotes the development of a network of educational institutions to serve the community.*
Portland State University’s history and its mission guide the University’s work in the areas identified by the State Board of Higher Education as priorities: access and affordability, excellence in delivery and productivity, academic excellence and economic development, and facilities and infrastructure needs. This report describes the work of PSU in each of these priority areas and identifies opportunities for investment and support.

Access and Affordability

Meeting the higher education needs of the metropolitan region is PSU’s mission. Access at Portland State University means providing an opportunity to those who can benefit from a college degree and attracting a diverse and highly talented student body. Access is important to the region’s economy because in order for it to be sustainable, there needs to be high quality educational degree and certificate programs available to prepare and support a highly-skilled workforce. OUS enrollment projections show that PSU will serve 30,000 students by 2016, up from 24,000 today. These projections may be conservative and, if resources are adequate, PSU is preparing to serve 35,000 in 2012. Figure 1 illustrates the growth potential for the University.

![Figure 1. Fall Term Enrollment 1994-2004 & Planned Growth through 2012](image)

As Table 1 illustrates, Portland State University has the sixth largest graduate enrollment among universities on the West Coast. Most of the graduate enrollment is in professional master’s degree programs, which further underscores the work PSU does
to support the workforce and industry needs of the region. This enrollment also includes students in several Ph.D. programs, as well as traditional master’s degrees across the disciplines in the University.

### Table 1. Institutions with Largest Graduate Enrollments on the West Coast

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>02-03 Graduate Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University of Southern California</td>
<td>15,225</td>
</tr>
<tr>
<td>2</td>
<td>Stanford University</td>
<td>10,769</td>
</tr>
<tr>
<td>3</td>
<td>University of California - Berkeley</td>
<td>8,693</td>
</tr>
<tr>
<td>4</td>
<td>University of California - Los Angeles</td>
<td>8,685</td>
</tr>
<tr>
<td>5</td>
<td>University of Washington</td>
<td>6,636</td>
</tr>
<tr>
<td>6</td>
<td>Portland State University</td>
<td>6,211</td>
</tr>
</tbody>
</table>

### New Programs – Bringing New Students to PSU

Over the last ten years, Portland State University has received OUS Board approval for four new Ph.D. programs: civil engineering, computer science, mathematics, and mathematics education. These programs were developed in direct response to business and community needs. The development of new degree programs, particularly in areas that respond to workforce needs, will not only provide greater educational opportunities for Oregonians, but will also improve the University’s overall research agenda and its reputation regionally and nationally.

### Nontraditional Students -- Providing Opportunity

Portland State University is the most diverse university in the Oregon University System. In 2000, a new initiative on diversity was established on campus and today the University has a goal of enrolling a student body that proportionately reflects diversity in the region and nation. Over the last ten years, the proportion of PSU’s student body representing ethnic minorities has grown. Presently, PSU is well on its way to achieving its goals of reflecting the diversity of the region, state, and the nation as Table 2 illustrates.
Table 2.  *Ethnic Composition of PSU Student Body Compared to the Region, State, & Nation*

<table>
<thead>
<tr>
<th>Ethnic Category</th>
<th>PSU</th>
<th>OR / WA Metro Area</th>
<th>OR</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>66.5%</td>
<td>84% - 86%</td>
<td>87% - 89%</td>
<td>75% - 77%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>9.0%</td>
<td>5% - 6%</td>
<td>3% - 4%</td>
<td>4% - 5%</td>
</tr>
<tr>
<td>Black or African American</td>
<td>3.1%</td>
<td>3% - 4%</td>
<td>2%</td>
<td>12% - 13%</td>
</tr>
<tr>
<td>Hispanic or Latino**</td>
<td>3.9%</td>
<td>8%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>American Indian or Alaska Native</td>
<td>1.1%</td>
<td>1% - 2%</td>
<td>1% - 2%</td>
<td>1% - 2%</td>
</tr>
<tr>
<td>Two or more races</td>
<td>1.1%</td>
<td>3%</td>
<td>3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Sources: PSU Fall 2003 4th Week Regular Enrollment Data and Census 2000, US Census Bureau.

US Census collects Hispanic status independently of race whereas PSU collects it as one of its ethnic categories.

Note. PSU and US Census data are not strictly comparable due to differences in how data are counted in ethnic categories. The PSU ethnic information presented here excludes international students and students who declined to provide their ethnic identity. US Census data are presented as approximate ranges.

Portland State’s access mission is most appropriately reflected in the composition of the student body by its diversity and its nontraditional students:

→ 18 percent of PSU students are ethnic minorities, on par with the representation in the region and the state and 5 percent are international students;

→ The number of community college transfer students has grown from 846 students in 1994 to 1,313 in 2003, representing 22 percent of newly enrolled students;

→ Women represent 55 percent of the student body;

→ The average age of PSU undergraduate students is 25.7 years and the average age of graduate students is 33.5 years;

→ 4,782 students enrolled in distance education programs;

→ 58 percent of PSU students are enrolled full-time; and

→ 76 percent of PSU students report that they work while attending college and 33 percent report working more than half-time.
Community College Partnerships – Making the System Work for Students

A key way PSU meets its access mission and meets diverse student enrollment needs is through partnerships with community colleges and alternative ways of delivering educational services. The first community college/IOUS university partnership was established between Clackamas Community College and PSU. Today, PSU has co-enrollment agreements with PCC, Mt. Hood, Chemeketa, Blue Mountain, Columbia Gorge, Klamath, Oregon Coast, and Tillamook Bay community colleges. The University has also been working with Clatsop Community College on developing programs appropriate to their student population. Co-admissions means more than a seamless transfer program, it allows students to have single admissions and financial aid forms; coordinated advising; use of facilities at both campuses; and status as both a community college and University student. It also means that students are able to take classes at different institutions according to their needs.

In the early 1990s, a research consortium of Portland State and the region’s community colleges conducted a study to assess the enrollment patterns of students taking college credit courses. Prior to the study, the assumption was that most transfer students began their education at a single community college and then continued on at PSU to complete an undergraduate degree. Instead, the findings showed there were 74 distinct enrollment patterns among the region’s students. They accessed the educational institutions as a system, attending courses at different community colleges and PSU at the same time. The knowledge that students were accessing the educational resources in 74 different ways guided the development of partnerships between Portland State University and community colleges.

As part of this effort, PSU and four community colleges in the region have developed a combined catalogue that will soon be available online for all students. That means students looking for an introductory art course could, for example, access this website to find all of the art courses at PSU, PCC, Clackamas, Mt. Hood, and Chemeketa, and register for the appropriate course online.

In addition to these dual enrollment programs, PSU has worked with community colleges to offer degree completion programs on their campuses. For example, at Chemeketa and Mt. Hood community colleges, students can obtain a PSU bachelor’s degree in social science by taking courses onsite. PSU also has a weekend business degree program at the OIT/Clackamas Community College Center and students from Washington County can obtain a bachelor’s degree in social science, computer science, or electrical engineering at the Capital Center.
Flexibility, Convenience, and Delivery – Providing Greater Access

Portland State University is committed to delivering programs statewide where there is demand and need. For example, the Statewide MSW program is offering programs this fall in Ashland and in Salem. In the past, the program has been delivered in La Grande, Bend, Eugene, and Pendleton, but it will not be offered in these areas again until demand and labor force needs are sufficient.

Portland State University meets its access mission by providing classes at a variety of times throughout the week using various delivery modes. The University offers classes from 6 a.m. to 9:20 p.m., Monday-Friday. Weekend courses begin Friday evening and go through Sunday. Additionally, to accommodate the enrollment growth in the sciences, the University has been offering biology laboratories on Sundays. Now, the Biology Department is considering adding laboratories after 10:00 p.m. to meet the ever-increasing enrollment. In reviewing PSU’s class grid, the only “non peak” times are before 8:00 a.m. and after 9:20 p.m. Monday-Friday, between 3-5 p.m. Fridays, and on Saturday and Sunday afternoons.

Cost of Education and Limited Financial Aid – Addressing Barriers to Success

Portland State University enrolls a large number of first generation and low-income students and is therefore designated as a Title III institution by the federal government. As a result, access is also tied to affordability and the cost of education. Many PSU students would not be able to attend college if state and federal financial aid were not available. That is why Portland State University is involved in issues related to the Reauthorization of the Higher Education Act by Congress and the State Student Assistance Commission.

Rational tuition policies and predictability are directly linked to PSU’s ability to meet its mission. High tuition combined with limited financial aid has hit PSU students hard. Tuition increases are always decided in consultation with student and faculty leadership. Despite the University’s best efforts, tuition at PSU has increased in direct proportion to decreases in state funding (see Figure 2).
PSU’s Future Initiatives – Access and Affordability

Portland State University is committed to working with the Board Working Group on Access and Affordability. As part of its work to promote this initiative, PSU will seek support to:

1. Increase student enrollment and serve all eligible residents; recruit more out-of-state and international students who bring cultural diversity to the campus and who also pay four times the tuition of in-state students;
2. Expand partnerships with community colleges, including degree completion programs;
3. Increase the use of facilities and adjust the academic calendar to meet the needs of students, including offering programs in a variety of term lengths to provide students with accelerated degree options, expanding the academic day, and offering more weekend-based programs;
4. Keep tuition low and increases predictable, while growing foundation and scholarship support for low-income and highly talented students.
Excellence in Delivery – More, Better, Faster

High School Seniors – Getting Started on College Early

Portland State University is responding to the challenge of serving more students—better and faster—in part through extensive partnerships with community colleges. Additionally, PSU is expanding efforts with regional high schools to offer freshman courses in its award winning general education University Studies program to high school seniors. This allows seniors to make better use of their last year in high school, test their ability to do college-level work, and earn college credit. If they enroll at PSU, these students enter having completed their first-year general education requirements. This program is delivered at Grant, Westview, and Jefferson high schools, as well as the Portland Public Schools alternative program called Vocational Village. PSU also offers credit to high school students in advanced courses through the Challenge and Link programs. The University allows students to take up to eight credits a term without being admitted, which enables high school students to supplement their education throughout the school year and summer break and get a head start earning their college credits.

Innovation and Excellence – Reforming the Undergraduate General Education

The cornerstone of Portland State University's work to serve more students, better, and faster is the University Studies program. Created ten years ago by faculty working with community and business leaders, University Studies is an innovative general education curriculum that has garnered foundation support and national recognition. In creating the program, graduate schools and employers alike indicated that undergraduate education should focus on developing inquiry and critical thinking skills; strong communication methods including writing, public speaking, and teamwork; an understanding of the human experience; and a commitment to ethics and social responsibility. The interdisciplinary approach to undergraduate general education incorporates these themes throughout the curriculum.

The program begins in the freshman year and includes an interdisciplinary 15-credit course that students take throughout three quarters. Sophomores take a more intensive interdisciplinary course focusing on declared major areas. In the junior and senior years, students complete the requirements for their major. The educational experience culminates in a senior capstone project that is community-based and gives students an opportunity to apply their classroom learning in a real world setting, giving them a product that can help them in their pursuit of a job or admission to graduate school.

U.S. News and World Report has recognized the University Studies program as among the best in the nation for its senior capstone, learning communities, and service learning. PSU joins Harvard, Reed, Duke, Brown, Georgetown, and others in earning this distinction.
New Delivery Systems – Improving Time to Degree Completion

One aspect of social sustainability for a community is the ability of its residents to earn family wages. A college degree is key to family wage jobs. That is why degree completion is a priority for PSU. The six-year completion rate for first-time freshman at PSU in 2002 was 39.3 percent. The reasons for this are as varied as the student population, but for many the length of time to degree completion is extended because of work and family obligations. Most PSU students work, and when tuition or living costs exceed their budgets, they take time out or reduce their academic course load to earn money. Therefore, improving financial aid will improve the University's time to degree completion statistics.

Under the direction of Provost Mary Kay Tetreault, the faculty continues to explore ways to deliver academic programs that help student's progress to degree completion more quickly, including the development of web-based programs. The University offers students more than 500 online courses that are accessible from home and from work. In its first year, Portland State University's distance-delivered Master's in Business Administration program was ranked in the top 25 of all e-MBA programs in the nation. It joined schools such as Arizona State University, University of Florida, Rensselaer, and the University of Massachusetts-Amherst in this ranking.

With funding from the Pew Charitable Trusts, the University is engaged in a course redesign effort to improve student learning, student progress toward meeting degree requirements, and reduce the cost of instructional delivery. In the Department of Foreign Languages and Literature, this project has yielded very positive results. The department is now able to serve 83 percent more students at an additional cost of only 35 percent. Mean course grades improved from 80.3 percent to 83.7 percent and both students and faculty are reporting increased satisfaction. Using web-based competency assessments for course placement, developing new course materials, and involving peer mentors are components of the course redesign initiative. The University has invested funding in nine other departments in the last two years to move this program forward.

Portland State University has developed accelerated degree programs in the areas of biomedical informatics (in partnership with OHSU) and accounting that allow students to complete both a baccalaureate and master's degrees in five years. The traditional time for both of these degrees in both areas would generally be at least six years.

The length of time to degree completion is an issue that goes beyond finances and family obligations. At PSU, one strategy being pursued to increase degree completion rates is a comprehensive advising initiative that helps students navigate the educational system better and ensures that students are able to integrate life planning, career planning, and academic choices in order to develop a personally relevant educational and career plan.

Another way to look at how PSU is doing in the area of degree completion is to examine the numbers of students who receive degrees each year. Over the past ten years, the
University has increased the number of graduates by 54 percent. Figure 3 shows the growth in degrees granted by the University.

**Figure 3. Degrees Granted by Type**

*1994-95 through 2002-03*

<table>
<thead>
<tr>
<th>Year</th>
<th>Doctoral</th>
<th>Master's</th>
<th>Bachelor's</th>
</tr>
</thead>
<tbody>
<tr>
<td>94-95</td>
<td>30</td>
<td>1,752</td>
<td>855</td>
</tr>
<tr>
<td>95-96</td>
<td>35</td>
<td>1,880</td>
<td>902</td>
</tr>
<tr>
<td>96-97</td>
<td>34</td>
<td>1,884</td>
<td>983</td>
</tr>
<tr>
<td>97-98</td>
<td>38</td>
<td>2,009</td>
<td>959</td>
</tr>
<tr>
<td>98-99</td>
<td>32</td>
<td>2,040</td>
<td>1,057</td>
</tr>
<tr>
<td>99-00</td>
<td>31</td>
<td>2,148</td>
<td>1,092</td>
</tr>
<tr>
<td>00-01</td>
<td>38</td>
<td>2,194</td>
<td>1,199</td>
</tr>
<tr>
<td>01-02</td>
<td>35</td>
<td>2,257</td>
<td>1,184</td>
</tr>
<tr>
<td>02-03</td>
<td>32</td>
<td>2,596</td>
<td>1,299</td>
</tr>
</tbody>
</table>

**PSU’s Future Initiatives – Excellence in Delivery**

Portland State University is committed to working with the Board Working Group on Excellence in Delivery. As part of its work to promote this initiative, PSU will seek support to:

1. Expand high school programs, particularly in a rural high school in the metropolitan region;
2. Develop additional degree completion programs with community colleges and enhance PSU’s partnership with Clatsop Community College;
3. Examine new degree programs with the community colleges that incorporate appropriate coursework gained by students in applied programs; and
4. Improve time to degree completion rates through better advising and expanded student services.
Academic Excellence and Economic Development

Research and Graduate Education – Targeting Investments and Building Excellence

Given limited resources, Portland State University is building excellence in programs and research areas that relate to the economy and to the workforce needs of the region—those that can stimulate (in the short term) and sustain the economy in the future. PSU has targeted its investments to the areas of engineering, science, technology, and business.

The University Transportation Center – Increasing Research and Building Programs

The Portland State University Transportation Center and its Intelligent Transportation Systems Laboratory is an example of how the University has identified a research and workforce need and made targeted investments. It is now gaining regional and national distinction as it increases research funding. This interdisciplinary program involves faculty from the College of Engineering and Computer Science, the College of Urban and Public Affairs (and its School of Urban Studies and Planning), the School of Business Administration, and the College of Liberal Arts and Sciences and focuses primarily on regional transportation services and planning research that has national implications for livability. Faculty members involve both undergraduate and graduate students in research projects. This past year, faculty members working in this area secured nearly $2 million in external funding to support their work, up from $700,000 in 1999. This growth in funding is the result of key investments made in recent years. First, the University used targeted ETIC funding to hire talented and productive faculty; the Board approved a Ph.D. in civil engineering in 2000; and support has been given to upgrade facilities. Dr. Robert Bertini, director of the Center, and its associated faculty have worked with the region’s transportation planners and agencies to propose that PSU be designated as a University Transportation Center in the reauthorization of the Federal Transportation Act. The Congressional delegation is working to advance this plan and, if approved, it could mean as much as $2.5 million a year in federal funding.

Portland State University’s focus in transportation studies is also a workforce issue. It is estimated that in the next 15 years, more than half of the transportation employees will retire, leading to a labor shortage in this family wage occupation. An expanded University Transportation Center at PSU will serve the best and the brightest aspiring engineers and planners, support regional research priorities, and bring national recognition to Oregon and to PSU.
Transportation research and planning is just one example of the faculty excellence and research work done at PSU. The faculty members are building regionally and nationally recognized research portfolios in the areas of circuit design and test, cyber security, nanoscience and nanotechnology, astrobiology, thermal and fluid science, and biomedical signal processing.

**Sustainable Communities – Supporting Healthy Children, Successful Families, and Vital Communities**

Good schools and strong community organizations are fundamental to the development of healthy children, successful families, and vital communities. Here, the PSU Graduate School of Education, Graduate School of Social Work, School of Fine and Performing Arts, and the College of Liberal Arts and Sciences make essential contributions. Research shows that the performance of schoolchildren is tied to strong principal leadership. The PSU Portland Metropolitan Leadership Development Initiative is working to prepare school administrators to lead high performing schools. Good schools and strong school leaders attract business and industry and thus, this initiative is also a key element in PSU’s economic development agenda.

**Economic Development – Strengthening Businesses and Creating Jobs**

Portland State University’s mission compels it to be a catalyst for economic development. PSU’s success in this area is tied to the University’s growth in nationally recognized and funded research. Therefore, investments will continue to be made in faculty and facilities to support growth in research, especially in the areas of science, engineering, and technology.

Research funding is a priority, not just because it provides indirect funding support, but also because it enhances the prestige of the University. It can result in innovations and discoveries leading to new businesses and job creation. To support the expansion of its research agenda, Portland State University is working with the Portland Development Commission, OHSU, the State Economic and Community Development Department, and Providence Hospital to establish a business accelerator that will house start-up research-based companies that will work with PSU faculty on product development, commercialization, and marketing. PSU and Lewis and Clark Law School have collaborated on the Interdisciplinary Center for Law and Entrepreneurship (ICLE) project that links MBA and law students to this initiative and they will provide companies with early business and legal assistance.

The first company to affiliate with PSU is Octavian Scientific, Inc., a start-up firm engaged in the development of products to enable full wafer burn-in and test of semiconductor wafers. Although they have not yet made a product announcement, they
are already working closely with several of the world leaders in semiconductor manufacturing. With offices on the PSU campus, Octavian is collaborating with Portland State faculty in the Integrated Circuits Design and Test Laboratory to characterize and prove the new technology. There are great expectations that Octavian will soon need expanded space to house their growing employee base and that because of their early connections with PSU, they will stay close to the central city and close to PSU. This relationship was made possible by the passage of Ballot Measure 10, allowing higher education institutions to hold stock in companies.

PSU is in the developmental stages of the accelerator project and is seeking federal and private sector funding to support its expansion. Several start-up companies like Octavian are interested in a PSU partnership. Today, PSU has signed leases with Mediscrew (a medical device company) and Stratyx Bioscience, Inc. (a consulting company that facilitates the FDA approval process for start-up bioscience companies). Later this spring, PSU expects to have companies in fields such as medical devices and bioscience, wi-fi (wireless fidelity) networking, hybrid publishing, digital imaging, and cyber security join the accelerator project.

Several of Portland State University’s graduate degree and certificate programs are aimed at preparing people for success in key industry areas of the region. PSU has worked with the Portland Development Commission, the City of Portland, leading businesses, and others to develop a creative industries initiative. This program includes strengthened undergraduate courses, a master’s degree, and continuing professional development for those employed throughout this diverse industry cluster.

As the tenth largest employer in Portland, PSU has a positive impact on the economy in the way purchasing and real estate development decisions are made. This year, under the leadership of Jay Kenton, vice president of finance and administration, PSU has embarked on an aggressive strategy to buy locally, particularly from minority- and women-owned businesses. Supporting these businesses helps the local economy grow and that, in turn, is good for PSU.

**PSU’s Future Initiatives – Academic Excellence and Economic Development**

Portland State University is committed to working with the Board Working Group on Academic Excellence and Economic Development. As part of its work to promote this initiative, PSU will seek support to:

1. Continue to recruit highly talented and productive faculty who will build expansive research programs tied to the economy of the region;
2. Increase PSU’s research funding to $50 million a year by 2008;
3. Grow enrollment in graduate programs, particularly Ph.D. programs in engineering, science, technology, and others central to the regional economy;
4. Develop new degree programs and certificates that are important to the economic base of the region; and
5. Expand PSU’s business accelerator initiative and build partnerships with the community college small business development centers.

Facilities and Infrastructure Needs – Making PSU a Sustainable Enterprise

Making Portland State University a model of a sustainable business has guided administrative decisions with the goals of diversifying revenue streams, reforming campus operations, and delivering high quality educational programming and services.

Administrative Efficiency – Engaging in Continuous Improvement to Keep Administrative Costs Low

Portland State University is a lean administrative operation. Whenever possible, the University has used technology, reinvention, reform, and continuous improvement as guiding principles to meet the academic needs of the growing student enrollment. Over the last decade, as Figure 4 illustrates, administrative costs as a percentage of the overall University expenses have declined substantially.

The University has operated efficiently while at the same time working to diversify the revenue streams that support the overall enterprise. The University’s strategic plan for addressing reduced revenue is a multifaceted approach to generating revenues while building excellence and enhancing the reputation of PSU. These strategies are consistent with the Board’s initiatives and involve:
1. Growth in enrollment, including an emphasis on out-of-state and international students who pay tuition in excess of the actual cost of instruction;

2. Enhanced philanthropic and endowment funding in partnership with the PSU Foundation;

3. Increased Federal support through special Congressional appropriations and authorizations that support PSU programs;

4. New research grants and contracts, as well as other sponsored activities;

5. Expanded auxiliary enterprise activities, such as student housing and food services;

6. Development and acquisition of real estate, including new retail and commercial enterprises;

7. Use of Ballot Measure 10 and increasing the number of companies in which PSU holds stock, as well as expansion of the business accelerator project;

8. Increased involvement in intellectual property development and management;

9. Establishment of new professional training and lifelong learning programs targeted to meet the needs of business and industry, as well as government and nonprofit organizations; and

10. Creation of new partnerships with public agencies and private companies that leverage the University’s resources.

This strategic plan is necessary because the future of the University can no longer be overly dependent on state funding, nor can the students shoulder the burden of reductions in state support through increased tuition. In recent years, the University’s overall funding has improved, in large part because of a substantial increase in gifts, grants, and contracts – this funding has grown by 160 percent over the past ten years. However, gifts, grants, and contracts are just one of the many strategies being pursued to establish sustainability in PSU funding and operations.

Increasing private philanthropy to support academic programs, students, and new buildings is a priority at Portland State University. Cassie McVeety, PSU’s new Vice President for University Relations, will complete the first-ever capital campaign over the next few years. An example of the progress PSU is making in attracting donations from a relatively young alumni base is the recent gift of $8 million for the College of Engineering and Computer Science. At the April meeting, the Board will be asked to approve the naming of the College to the Fariborz Maseeh College of Engineering and
Computer Science in recognition of Dr. Maseeh’s leadership in industry and philanthropy.

**A Vital Learning and Living Community – Building the University District**

To support the University’s planned growth in enrollment, the increase in research funding, expanded business partnerships, and economic development agenda, the City of Portland and PSU have established the University District Plan. Approved by the City Council in 1994, this plan links the University’s goals with the City’s in the areas of transportation, open spaces, business development, and housing. The University will develop the District into an exciting neighborhood known for its intellectual vitality, community spirit, and amenities appropriate to downtown living and learning. Recent reports have indicated the importance of Portland attracting a highly educated and young workforce to sustain its growth in the future. The University District will be a magnet for this population and a place that will gain national distinction because of the unique attributes of downtown living and learning. Key to this is upgrading the architectural quality of the campus and making PSU a downtown attraction that contributes to the overall livability and beauty of Oregon’s largest city.

The Urban Center, which opened in 2000, was the catalyst for the development in the University District. Soon, PSU expects to start construction on the NW Center for Engineering, Science, and Technology that will support further efforts to expand research and educational programs relevant to the industries in the region.

In constructing new buildings, PSU has followed the principles of best practice taught in its nationally known School of Urban Studies and Planning, including a commitment to sustainable buildings and to leveraging public funding with private resources. The University seeks recognition by the Leadership in Energy and Environmental Design (LEED) organization for its commitment to building and operating sustainable structures.

The Native American Student and Community Center was built with state, federal, student, and private funds. It is constructed of sustainable wood and local stone and brick materials. The building has an eco-roof to mitigate storm water runoff and keep the building cool in the summer and warm in the winter.

Stephen Epler Hall was opened last September. It replaced an old and deteriorating building, Birmingham Hall. The University reused or recycled 90 percent of the materials from the Birmingham; created a more energy efficient building, saving at least 30 percent on energy costs; and installed a rainwater harvesting system that saves at least 100,000 gallons of water a year. This student housing building is also helping PSU meet the housing needs of international and out-of-state students. The “Global Village,” a student housing program, pairs an international student with an American student, thus helping each learn more about diverse cultures.
The Broadway Housing Project is now under construction and is scheduled for completion in September 2004. Built with the Portland Development Commission, the PSU Foundation, and a private developer as partners, this building will have the largest eco-roof in the City of Portland. Broadway Housing is built with recycled content and locally sourced materials and is being constructed with sensors so that it will be a learning laboratory and research project for faculty and students.

These new residential projects, combined with those being planned in the University District by private developers, will drive expanded retail and business development. Portland State University set the mark for mixed development involving retail with the Urban Center. The businesses located on the Urban Center Plaza report robust sales and are pleased with their decision to come to PSU. Broadway Housing will have several street-level retail outlets, consistent with City of Portland requirements. The NW Center for Engineering, Science, and Technology will have retail on the first floor. Also, PSU is planning to redevelop Parking Structure II to accommodate a restaurant. The PCAT building, located on the Urban Plaza, south of the Urban Center, will also be developed soon and will include a major retail development. With the growth in enrollment and expansion of the neighborhood, businesses located in the University District will have a ready and captive market.

The University District Plan calls for expansion of public transit options to serve the students and community residents. The Portland Streetcar, Inc. has been a positive addition to the campus and the University is a strong proponent of the extension to North Macadam and Lake Oswego. The next line of the MAX light rail is planned for the transit mall and Portland State University. Portland State University administrators have been engaged in the local planning process that will guide the next phase of the light rail development.

PSU’s Future Initiatives – Sustainability and Facilities and Infrastructure

Portland State University is committed to working with the Board on facilities and infrastructure support. As part of its work to promote this initiative, PSU will focus on sustainability and seek support to:

1. Pursue the overall funding plan outlined above;
2. Redevelop the recently acquired Doubletree site;
3. Expand the partnership with OHSU and coordinate planning for North Macadam; and
4. Invest in renovation, remodeling, and repair of existing buildings.

PSU – Planning for the Future and Guided by Vision and Values

Portland State University will serve more students, strengthen research, and expand its economic development initiatives despite declining state resources. PSU will sustain its operations through growth, efficiencies, and innovations. PSU’s challenge in the near
future will be to remain true to its mission, vision, and values, while repositioning the University in ways that recognize the realities of today’s funding environment. The budget challenge has, and will continue to, hit all aspects of the University. Every segment of the organization from Athletics to the College of Urban and Public Affairs has been affected. At the same time, PSU faculty, staff, and students have resolved to work together to serve the students, build programs of excellence, and develop the University District Plan.

VISION AND VALUES  
(Approved by PSU Faculty Senate February 2003)

Vision Statement

Our vision is to be an internationally recognized urban university known for excellence in student learning, innovative research, and community engagement that contributes to the economic vitality, environmental sustainability, and quality of life in the Portland region and beyond.

Values Statement

The pursuit of our vision rests on our success in transforming undergraduate education, our growing research programs, our strong collaboration with the community, and the core values we hold. These values describe not only what PSU is now, but also what it will be in the future.

- Learning and Discovery

PSU values intellectual inquiry in its undergraduate and graduate programs, provides leadership in the development of knowledge, and creates opportunities for the application of knowledge to real-world problems.

We maintain a welcoming and stimulating environment that is conducive to success for students, faculty, and staff. We value tenure as an essential component of this environment.

- Access to Learning

PSU is committed to providing access and opportunity to learners from regional, national, and international communities in their pursuit of lifelong learning and diverse educational goals.
• A Climate of Mutual Respect

PSU values diversity and fosters a climate of mutual respect and reflection that supports different beliefs and points of view and the open exchange of ideas.

• Openness and Reflection

PSU endeavors to improve continuously as a university through reflection and open assessment of our activities.

• Community and Civic Engagement

PSU values its identity as an engaged university that promotes a reciprocal relationship between the community and the university in which knowledge serves the city and the city contributes to knowledge in the university.

We value our partnerships with other institutions, professional groups, the business community, and community organizations, and the talents and expertise these partnerships bring to the university.

We embrace our role as a responsible citizen of the city, the state, the region, and the global community and foster actions, programs, and scholarship that will lead to a sustainable future.

Closing Remarks

In closing, President Bernstine said, “In many ways, the University’s history, an institution that fought to survive, defines the University today. PSU is flexible, tenacious, and not bound by tradition – except the tradition of being what the late Professor Gordon Dobbs titled his book, ‘The College That Would Not Die.’ But, above all else, PSU will always be true to its motto, ‘Let Knowledge Serve the City.’”

BOARD DISCUSSION:

In answer to Director von Schlegell’s question regarding the status of the PSU endowment, President Bernstine reported that at the present time it is close to $80 million and growing.

Director Lorenzen wondered to what extent PSU has experienced problems with oversubscribed classes, thus hindering students from progressing on a speedy path toward graduation. “It’s been a problem,” President Bernstine responded. “One of the reasons we are eliminating the tuition plateau is to help change student behavior. We find, for example, 25 percent of our students actually drop classes because there is no cost to dropping. Part of our strategy with having the degree completion program with the community colleges is to allow us to leverage their facilities, their parking, their classrooms, and their faculty as a way of accommodating our growth.”
Director Sohn was interested in how PSU attracts faculty and to what extent the faculty is full-time versus part-time “folks who are experts in their fields and are coming to do a course versus full-time and research oriented.” The tenure-track faculty is close to 60 percent, the President reported. “Once we know what the final budget situation is going to be, we’re actually hoping to make one of our initial investments in hiring more tenure-track faculty,” President Bernstine added.

3. **APPROVAL OF MINUTES**
   - Regular Board Meeting, February 20, 2004
   - Board Executive Session Meeting, February 20, 2004
   - Regular Board Meeting, March 5, 2004

Director Burns requested an amendment to the Regular Board Meeting minutes of March 5, 2004, on page 187. “At the very end of the discussion regarding the Access and Affordability Working Group, I made a comment that instead of going through the Oregon Opportunity Grant, we were going to be moving toward a flat grant proposal. That’s not reflected in the minutes and considering that it’s fairly revolutionary, I think it should be.”

Director Nesbitt moved that the minutes, as amended, be approved. Those voting in favor of the motion: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.

4. **ACTION ITEMS**
   - Finance/Budget/Audit/Personnel/Real Estate Committee
     a. Managerial Reporting—Quarterly Management Report

**DOCKET ITEM**
For background, please see page 58.

**BOARD DISCUSSION AND ACTION:**
It was moved by Director Lorenzen that the Board approve the recommendation of the Finance/Budget/Audit/Personnel/Real Estate Committee to accept the Management Report. Those voting in favor of the motion: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.


**DOCKET ITEM:**
Pursuant to Internal Management Directive 6.130, a comprehensive report on the Oregon University System’s investment portfolio, consisting of endowment funds (both pooled and separately invested), donation funds, and plant funds, was incorporated in the System’s Investment Report (Report), which is included with the supplemental
materials (on file with the Board’s office). This report summarizes the findings of the Investment Report.

As of June 30, 2003, total OUS investments had a combined market value of $291 million, summarized as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Funds (Pooled - $53.4 million and Separately Invested - $3.3 million)</td>
<td>$56,747,938</td>
</tr>
<tr>
<td>Current Donation Funds</td>
<td>47,380,212</td>
</tr>
<tr>
<td>Plant Funds</td>
<td>186,913,348</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$291,041,498</strong></td>
</tr>
</tbody>
</table>

The total Pooled Endowment Fund return for Fiscal Year 2003 was 4.5 percent, which out-performed the policy benchmark return of 2.5 percent. The ten-year average return was 8.9 percent compared to the policy benchmark return of 8.1 percent. During the FY 2003, $2.4 million was distributed for spending to the universities from the Pooled Endowment Fund.

U.S. Treasury Notes and FNMA Securities in the Current Donation Funds and Plant Funds earned between 1.75 percent and 5.35 percent. Other funds invested in the Oregon State Treasury Short-Term Investment Pool earned an average of 1.71 percent.

For additional details of investments and investment performance for each fund, see the complete Report for the year ended June 30, 2003.

_Staff Recommendation to the Board:_
Staff recommended the Board approve the 2003 Annual Report on Investments as presented.

**BOARD DISCUSSION AND ACTION:**
It was moved by Director Lorenzen that the Board accept the recommendation of the Finance/Budget/Audit/Personnel/Real Estate Committee to approve the 2003 Annual Report on Investments. Those voting in favor: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.

- **Full Board**

  c. Proposed adoption of administrative rule on the use of employee Social Security Numbers (OAR 580-021-0044) (roll call vote)
DOCKET ITEM:

Staff Report to the Board:
On November 21, 2003, the Oregon State Board of Higher Education adopted temporary Oregon Administrative Rule (OAR) 580-021-0044. The permanent rule establishes authority for Oregon University System (OUS) institutions to request voluntary disclosure of employees' Social Security Numbers.

A public hearing was held on February 23, 2004, and public comment closed March 1, 2004. Public comment was limited to one written comment. At the request of Oregon State University, Section (2)(b) was amended to include specific reference to voluntary use of Social Security Numbers for employment-related background checks.

The permanent rulemaking process is complete, save for Board adoption of the rule.

Staff Recommendation to the Board:
Staff recommended the Board adopt OAR 580-021-0044, effective on filing.

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, employment-related background checks, 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:
Ms. Denise Yunker, OUS Benefits Director, briefly explained that the rule before the Board was primarily a housekeeping rule. Director von Schlegell asked if any objections had been raised concerning the rule. Ms. Yunker reported that one change was requested by Oregon State University to specify, in section 2b, that “employment related background checks” be added.

Director von Schlegell moved that the Board adopt OAR 580-021-0044, effective on filing. On role call, the following voted in favor of the motion: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.

d. Proposed rule to define unclassified service within the Oregon University System (OAR 580-020-0006) (roll call vote)

BOARD DOCKET:

Summary:
The purpose of this rule was to distinguish certain positions that do not meet the criteria for academic faculty and are not otherwise represented by a labor union.

Background:
In 1995, Senate Bill 271 gave the Oregon University System (OUS) independent authority to administer personnel and labor relations separate from the regulations that governed other state agencies. Since that time, OUS has relied on an informal practice of categorizing employees who do not meet the criteria for academic faculty and are not otherwise represented by a labor union. Now that the Service Employees International Union Local 503 (SEIU) has asked to represent a large number of non-teaching positions, OUS needs a method to evaluate which positions are appropriate for representation by SEIU. OUS will use this definition in conjunction with other employment practices and policies.
On March 15, 2004, OUS held a public hearing and testimony was received from SEIU, the American Association of University Professors (AAUP), and an employee at Oregon State University, which influenced the proposed language. SEIU has reviewed the proposed rule and supports the definition that OUS has developed.

Staff Recommendation to the Board:
Staff recommended that the Board adopt OAR 580-020-0006 as printed below.

OAR 580-020-0006
Definition of Unclassified Service
Unclassified service includes positions that do not meet the criteria for academic faculty, but where professional job requirements and responsibilities:
(1) are exempt from the provisions of the Public Employee Collective Bargaining Act (PECBA), ORS 243.650-243.782; however, not all positions in unclassified service are exempt from PECBA, or
(2) share a community of interest with academic faculty, and
(a) include academic research, public service, or instruction, or
(b) exercise discretion in establishing policy, or
(c) require education and training comparable to academic faculty, or
(d) have administrative decision-making responsibilities beyond office clerical duties.

Examples of unclassified positions that may meet the criteria listed above include:
(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, and 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 in numbers one through ten (above), providing that the executive or other special assistant positions otherwise meet the criteria for unclassified service (stated above);
(12) Assistant vice presidents, assistant deans, department heads/chairs, assistant directors, managers, and assistant registrars where positions require specialized/degree education and training;
(13) Librarians, archivists, and museum or collection curators where positions require specialized/degree education and training or where responsibilities include academic research or instruction but does not include positions having primarily clerical responsibilities;
(14) Advisors and counselors, including academic, financial aid, admissions, career, residential life, and athletic, where positions require specialized/degree education and training;
(15) Assistant athletic directors, athletic coaches, assistant athletic coaches, athletic trainers, assistant athletic trainers, and athletic eligibility and compliance officers where positions require specialized/degree education and training;
(16) Interpreters;
(17) Development and advancement officers where positions require specialized/degree education and training;
(18) Physicians, psychologists, and clinical counselors where positions require specialized/degree education and training;
(19) General managers, directors, producers, and announcers of state radio and television service;
(20) Managers, directors and administrators of student affairs functions, where positions require specialized/degree education and training.

Stat. Auth.: ORS 351.070
Stats. Implemented: ORS 351.070

BOARD DISCUSSION AND ACTION:
Director Nesbitt complimented all those who had worked on formulating the rule.

It was moved by Lorenzen to adopt OAR 580-020-0006. On roll call the following voted in favor of the motion: Directors Burns, Dyess, Lorenzen, Nesbitt, Richmond, Pilliod, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.

e. Legislative Concept pertaining to the Optional Retirement Plan (ORP)

DOCKET ITEM:

Staff Report:
Since the Optional Retirement Plan (ORP) for unclassified employees was implemented in 1996, experience with the authorizing statute has illustrated that linking plan guidelines to those of the Public Employees Retirement System (PERS) should be reconsidered to provide the full advantages of ORP participation to employees who elect the ORP and to the universities that sponsor the ORP.

Background:
The ORP was created by the 1995 Legislature and began accepting participants in January 1996. As written in Oregon Revised Statute 243.800(9), the employer contribution rate for the ORP is linked to the employer contribution rate of PERS. In recent years, the PERS rate has risen dramatically and, due to the infusion of $2.0 billion in Pension Refinance Bond revenue into the PERS fund, the rate dropped dramatically. Neither circumstance was anticipated at the time the ORP was adopted, and the plain language of the statute inadequately addresses the complexities of funding and management policies of the state retirement plan linked to the ORP.
Current Status:
OUS representatives and other stakeholders are currently exploring a number of possible options to modify the process by which the ORP employer contribution rate is determined, while still preserving the three principal goals of the ORP: that it be competitive in the national marketplace in relation to other such ORPs; that it is sustainable within the OUS Budget; and that it be reasonably stable over time for the participants. The work group will continue to develop a consensus option during the spring, for submission to the Department of Administrative Services (DAS).

Staff Recommendation to the Board:
Staff recommended the Board vote to approve the submission of a placeholder for a legislative concept that would include language currently being developed to amend ORS 243.800(9). Submission of the placeholder to DAS is due April 15, 2004.

BOARD DISCUSSION AND ACTION:
Ms. Lisa Zavala from the OUS Office of Government Relations explained the purpose of the Legislative Concept Placeholder for the 2005 Legislative Session. Dr. Gilkey, president of the Interinstitutional Faculty Senate (IFS), indicated that the IFS had been actively engaged with System staff on the Legislative Concept. The IFS is organizing a series of meetings on the campuses to enable more faculty to benefit from further information on the matter. “We’re in the business of education and we need to educate our faculty on what happened, what the short-term fix is, and how to get to a long-term solution. I believe shared governance is about respectful communication and I believe we are working well,” Dr. Gilkey concluded.

Director Nesbitt moved approval of the staff recommendation to submit a placeholder for a Legislative Concept to include language currently being developed to amend ORS 243.800(9). Those voting in favor of the motion: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, von Schlegell, Schuette, Sohn, and Goldschmidt. Director Richmond abstained from the vote because of a possible conflict of interest as a faculty member. Those voting no: None.

f. Proposed Legislative Concepts and Policy Packages

BOARD DOCKET:

Summary:
The Oregon University System (OUS) Board Working Group on Excellence in Delivery and Productivity proposed the following set of concepts and policy packages that will increase the number of Oregonians who successfully complete their college education. The actions are a combination of activities that will benefit all Oregon students and lead to more efficient delivery of education for a greater number of students.

Background:
The Working Group has held four public meetings and a series of fact-finding and development activities that led to the creation and development of potential activities
that would address its responsibility. The potential activities have been reviewed and modified by a wide range of education representatives including OUS and community college presidents, provosts, academic deans, representatives from the Oregon Department of Education, and the OUS Interinstitutional Faculty Senate.

**Staff Recommendation to the Board:**
Staff recommended that the Board adopt the following items as potential legislative concepts or policy packages:

1. Increase the successful retention of OUS undergraduates to degree completion.

2. Create a statewide K-16 Student Data System through linkage to the Oregon Department of Education’s Integrated Data System.

3. Increase the successful transfer of community college students to OUS campuses through the creation of a dual enrollment framework and a fully transferable lower-division common core of student educational outcomes.

4. Increase the successful transfer of community college students to OUS campuses through the creation of a fully transferable lower-division set of common student educational outcomes leading into an academic major.

5. Expand the use of on-line courses to assist students in making more timely progress towards degree completion.

6. Ensure that all Oregon high school students have an opportunity to take rigorous courses in high school that may result in the earning of college credits or advanced placement prior to the student’s college matriculation.

7. Increase course availability to support timely student progress towards post-secondary educational goals.

**BOARD DISCUSSION AND ACTION:**
Director Schuette provided further explanation of the Legislative Concept placeholders that have emerged from the Excellence in Delivery and Productivity Working Group. Items #2 and #3 (above) relate to successful transfer in three different aspects: dual enrollment for students who are simultaneously enrolled at community colleges and in institutions in the OUS. “So we have students who are jointly admitted, tracked, advised, and a single coordinated financial aid package. This certainly relates to faster time to degree for students with the goal of increased access, particularly for low-income students and those of non-traditional backgrounds. We’re looking for reduced expenses and debt as a result of our efforts.”

Continuing, Director Schuette explained the importance of the fully transferable lower-division common core. “Getting to a basic agreement among all of Oregon’s public two-year and four-year colleges and universities on a core of outcomes that will count
throughout the state is critically important. Each of these three pieces that are reflected in points #2 and #3 are important and the Board’s adoption of these concepts is really critical to ensuring that the work will get done and also that there won’t be drift in the agreements over time.” The other points were highlighted and it was reinforced that total Board support would be critical to seeing that these changes are implemented.

Returning to item #1, Director Schuette remarked that the data system relates to the dual enrollment concept as it supports easier and faster admission application processes in OUS and the community colleges through the electronic transmission of high school transcripts and web-access to information. “It also relates to motivating, encouraging, and inspiring young students to enroll in post-secondary education because of early, more effective feedback about their preparation for their education.”

Director Richmond indicated that she would prefer having item #6 (increased success and retention) be #1 because she considers this too important to look like it comes last. Director Schuette pointed out that the items were not in priority order, and she agreed that retention was a high priority.

Continuing, Director Richmond asked about the issue of how students are assured they will be able to take the courses they need. Director Schuette acknowledged that it is a critical issue and partly a resource question of being sure that institutions can offer what the students need. “Our first step has been to take inventory, to find out where the high demand areas are, and where we need more. Then we will be able to address that as we expand the online offerings by adding the courses that students need,” she explained.

Director Lorenzen asked if all of these concepts would need legislation or if they were more administrative in nature. President Goldschmidt offered that the concepts would be reconfigured in other formats and that some of them would not require any funding or legislative action. “These concepts,” he said, “are placeholders in the event it takes a request for resources or change in legislation. The purpose of the current discussion was to get the sense of the Board for support of the items.”

Continuing a line of questioning, Director Lorenzen pointed out item #1 and the development of a data system. He reminded the Board that he had been assigned the responsibility for the “IT section (of the Chancellor’s Office) and this is going to play right into that. It seems as if this is more of an internal administrative function in determining what direction we want the Chancellor’s Office to go as opposed to a policy package.”

President Goldschmidt responded that “the really big money on this is being spent in the K-12 system, so the question ultimately for us is, do we want to attach to that with some particular benefit we see.”

Director Schuette said she would consider a friendly amendment to have the Board’s support to address, specifically, course availability. Director Richmond raised the question on another topic. “When you say ensure that all Oregonian high school
students have an opportunity to take rigorous courses – we’re all enthusiastic about that. But, just briefly, what role can this Board have in ensuring that K-12 will provide these courses?” President Goldschmidt mused, “OUS and the community colleges are already offering courses. The question is, ‘Are they rigorous enough?’ And if they are, are there enough of them?”

In concluding the discussion, Director Schuette indicated that a part of the approach of the Working Group has been to address issues from a statewide perspective. They are asking questions such as, “How can we have a statewide impact in this regard? What's the current menu and how can we fill in the gaps? Is there a statewide system that would be more effective than the patchwork that we currently have?” She said that each of the proposals would have its own metrics such as numbers of people served and the progress of students through the system.

There was discussion about the need for other working Groups to submit placeholder Legislative Concepts. It was agreed that there would probably be at least one from each of the Working Groups. Those are due on April 15 – so it was generally agreed that the Executive Committee would convene to approve them.

Director von Schlegell moved that the Board approve policy packages and/or legislative concepts. Those voting yes: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: none.

5. CONSENT ITEMS

a. OIT, A.A.S. and B.S., Respiratory Care

DOCKET ITEM:

Oregon Institute of Technology proposed to offer an instructional program leading to the Associate of Applied Science and Bachelor of Science degrees in Respiratory Care, effective September 2004. Lane and Mount Hood Community Colleges both offer the A.A.S. in Respiratory Care; no other Oregon institution offers the bachelor’s degree.

Respiratory care is the allied health profession that cares for patients with deficiencies and abnormalities of the cardiopulmonary system (e.g., illnesses/conditions such as asthma, cystic fibrosis, pneumonia, emphysema, as well as conditions instigated by trauma or shock). The respiratory therapist cares for people of all ages, newborn through the elderly, and in a variety of settings (e.g., hospitals, nursing homes, outpatient clinics, homes, physician offices).

Several environmental factors contributed to OIT’s development of this program proposal. Respiratory care is a high-demand health care profession across the U.S. As our citizenry ages, the need for respiratory therapists is becoming more critical. In addition, Rogue Community College (RCC) plans to terminate its long-standing, Medford-based respiratory care associate degree program. Consequently, several
CEOs of area hospitals and the ASANTE Systems requested that OIT assume the program.

OIT proposed to fully implement both the A.A.S. and B.S. programs, on site, at RCC’s Medford facilities. RCC will provide classrooms, labs, currently owned equipment, lower-division general education classes, and logistical support such as registration and financial aid. The program faculty currently employed by RCC will become OIT faculty.

OIT will offer the A.A.S. program as designed by RCC, which prepares students to become Certified Respiratory Therapists. This is a “1 + 2 + 1” program. During the first year, students will complete the program’s prerequisites. Years 2 and 3 are devoted to completion of the A.A.S. Following professional registration, (i.e., becoming a Registered Respiratory Therapist), students will spend the fourth year in an online bachelor’s degree-completion program designed to accommodate working professionals.

Students in the baccalaureate program would complete a total of 192-194 credits, including completion of an Individual Development Plan that explains, in detail, the means by which the student will establish competence in four areas and fulfill the requirements for subsequent professional coursework. The student’s employer and group of classmates, as well as OIT faculty, must approve the plan. Baccalaureate-degree graduates will have established competence in data collection and analysis relating to system improvement, evidence-based clinical leadership, cooperative learning, and technology.

OIT anticipates admitting 25 sophomore students and up to 15 senior degree-completion students each fall.

With the addition of two faculty, all current faculty are sufficient to offer the program. Modest funds will be allocated to increase library holdings, and OIT will pay RCC $10,000 for the first year to cover maintenance, office space, and library and computer-lab access, as well as advising, financial aid information, and secretarial support. All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

Staff Recommendation to the Board:
Staff recommended that the Board authorize Oregon Institute of Technology to establish a program leading to the A.A.S. and B.S. in Respiratory Care. 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:
This item was part of the consent agenda. Final action noted on page 116.

b. OSU, Ph.D., Applied Anthropology
DOCKET ITEM:

Oregon State University proposed to offer an instructional program leading to the doctoral degree in Applied Anthropology, effective fall 2004. This would be the only applied anthropology doctoral program west of the Mississippi. OSU currently offers bachelor's and master's degrees in Applied Anthropology and those curricula are being redesigned to articulate well with the proposed doctorate. The University of Oregon offers a doctorate in Anthropology, with the subfields of archaeology, cultural anthropology, anthropological linguistics, and physical anthropology.

The proposed program combines a strong interdisciplinary component with an applied focus. Students will complete 18 credits in the anthropology core, which will provide them with a theoretical framework and set of qualitative and quantitative methods. Students will also choose one of three concentrations (18 credits), with courses from both the anthropology department and affiliated cognate departments. Other requirements include completion of 18 credits in a minor area, 6 skills/methods credits, 3 gender/ethnicity credits, 1 seminar, and 53 dissertation credits, for a total of 121 quarter credits. All students must also demonstrate proficiency in a foreign language.

The first concentration—local values, indigenous knowledge, and environment—focuses on expressive and material aspects of culture and their relationship to local, global, and environmental forces. Students will gain the theoretical and practical tools to understand local values and indigenous knowledge in their holistic context, including environment, subsistence practices, language, archeology, history, religion, and art forms. Among other things, students will explore the relationships between local and/or indigenous culture and the powerful ideologies of global processes. Graduates from this concentration area will be well-prepared to work in museums; with agencies, interest groups, and non-governmental organizations concerned with public-sector folklore and protection of natural and cultural resources; and various tourism and interpretive enterprises, especially those focusing on indigenous cultural identity and communication across cultures.

The second concentration—ethnicity, culture, and health—includes both substantive and technical aspects of the study of health and culture, focusing on such issues as multicultural health, cultural competency in health care, population change and health trends, and biocultural evolution. This area represents an important direction for the professional expansion in applied anthropology, with primary goals of providing professional training in the broad areas of the evolutionary and biocultural basis of health, ethnicity, and cultural factors that affect individual and community health, and qualitative health-data collection and analysis skills. Graduates from this focus area will be prepared for employment with U.S. or international academic institutions, government health departments, and non-governmental health agencies focusing on such issues as multicultural health, family planning, and health demography.
The third concentration—business, organization, and work—focuses on the complex and rapidly changing interconnections among people, communities, businesses, technology, and civil associations. Students will be trained to conduct in-depth ethnographic investigations, problem identification, and problem solving. Graduates will be prepared to work within corporations to inform decisions or in non-governmental organizations or nonprofits advocating for workers.

The proposed program is responsive to the increasing demand for applied anthropologists who are capable of conducting ethnographic studies relevant to local communities and key societal institutions. OSU has received requests for qualitative community studies from such organizations as Oregon Health and Science University, the National Forest Service, Oregon Health Department, National Park Service, local watershed councils, Intel, and local NGOs such as Stone Soup and Community Outreach Consortium, Food Share, and Linn-Benton Food Security Group. Employers recognize the need to have a deeper understanding of the values and experiences of the communities with which they interact and graduates of the program will have the skills to uncover multiple perspectives and values, identify problems, and facilitate negotiation and problem solving among various groups. Graduates will be able to find careers in cultural resources management, watershed management, NGOs, public health, product design and marketing, linguistic and cultural competency, language survival, and communication across cultures.

Current faculty, and institution/department commitments to strengthen program faculty, are sufficient to offer the program. The current 9.5 FTE faculty will be increased to 12.5 FTE by the fourth year of the program. Modest additional support is provided for teaching assistants to allow more time for mentoring doctoral students and providing program coordination. Current library resources are adequate, although in years two through four, additional funds are budgeted to support program-appropriate acquisitions. All facilities, equipment, and technology are sufficient to offer the program.

An external review team, composed of Marietta Baba, dean, College of Social Sciences, Michigan State University; Linda Bennett, associate dean, College of Arts and Sciences, University of Memphis; and Linda Whiteford, president, Society for Applied Anthropology and professor of anthropology, University of Florida; evaluated the program in late October/early November and recommended Board adoption of the program. They indicated that: . . . the demand for applied anthropologists in business, government, and communities has greatly increased in the past two decades. . . . [and they] are currently employed as researchers and product designers in major global corporations, as researchers and administrators in managed care health programs serving diverse communities, as specialists working for the Environmental Protection Agency and other federal agencies, and in myriad roles that require special skill in understanding and working with other cultures." (p. 3, report of external review team)

Among the strengths of the program identified by the review team are that the faculty are "outstanding teachers, leaders in the discipline, and highly respected in the university," that the department consistently attracts external funding each year, and
that affiliated faculty and OSU leadership are committed to the program. Minor recommendations, such as some curriculum revision and strong commitment to increase faculty FTE, have received endorsement from OSU faculty and administrators.

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

**Staff Recommendation to the Board:**
Staff recommended that the Board authorize Oregon State University to establish a program leading to the Ph.D. in Applied Anthropology. The program would be effective fall 2004-05 and the OUS Office of Academic Affairs would conduct a follow-up review in the 2009-10 academic year.

**BOARD DISCUSSION AND ACTION:**
This item was part of the consent agenda. Final action noted on page 116.

c. **UO, B.A./B.S., Marine Biology**

**DOCKET ITEM:**

The University of Oregon proposed to offer an instructional program leading to the baccalaureate degree in Marine Biology, effective fall 2004. This will be the only marine biology major offered in the Pacific Northwest. Currently, UO offers a marine biology emphasis in its biology major. Oregon State University has considerable strength in the marine sciences, including field courses at the Hatfield Marine Science Center in Newport, Oregon. OSU also offers a marine biology option for biology majors, as well as undergraduate degrees in oceanography and fisheries and wildlife science. Portland State University and Southern Oregon University both offer courses that cover aspects of marine biology.

Academics, fisheries, and service in government agencies have traditionally driven employment in marine biology. As genetic and molecular techniques have become available in recent years, many new opportunities have developed for research and employment in the marine realm. Some of these newer applied fields include marine natural product chemistry (search for promising pharmaceuticals in marine organisms), marine biotechnology (use of marine organisms to address economic and medical problems), aquaculture (farming and ranching of marine organisms for food, medicine), and marine environmental biology and toxicology.

Oregon has both a strong environmental ethic and significant environmental challenges associated with coastal development, fisheries, and industry. The marine biology major is designed to prepare undergraduates for graduate school in the life sciences and for a variety of careers in natural resource agencies, biological consulting firms, research laboratories, education and interpretation, and private-sector industries in marine resources. Students who choose to complete a fifth-year teacher certification program would become fully qualified science teachers.
Students in the proposed program will complete all introductory courses and prerequisites required for a biology degree – 61 to 66 lower-division credits and 44 upper-division biology credits, including coursework in cellular and molecular biology, ecology, evolution, systematics, and organisms. In addition, students will spend three full-time terms (enrolled for a minimum of 12 credits per term) at UO’s Oregon Institute of Marine Biology (OIMB), which is located in Charleston, Oregon. OIMB is a completely functional marine laboratory, well appointed for research and teaching, that can support a major in marine biology with no new commitment of resources. While at OIMB, students may choose upper-division electives in various subdisciplines of marine science, such as zoology, botany, physiology, ecology, embryology, and oceanography.

Currently, about 40 percent of UO students graduating with a biology degree have enrolled for at least one term at the OIMB. However, with the exception of summer term, enrollment at OIMB remains low. The proposed major will fully utilize this facility, as well as offer a major that is attractive to students and responds to workforce demand.

All faculty, staff, facilities, equipment, and other resources are in place to offer the program. No new courses will need to be developed. The courses at OIMB provide a unique learning experience for the student. Each course meets for the entire day and has a large laboratory and field component, with the faculty member and teaching assistant in full-time attendance. Four of the five classrooms are plumbed for running seawater, allowing classes to maintain marine organisms in the classroom. Library resources are substantial, and OIMB has a history of sharing materials (in both directions) with the Hatfield Marine Science Center. Modest additional resource requirements (e.g., one teaching assistant two terms per year) will be met through a resource fee. UO anticipates serving 100 marine biology students at any given time, graduating 25 to 30 students each year.

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 the B.A./B.S. in Marine Biology. The program would be effective fall 2004, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2009-10 academic year.

**BOARD DISCUSSION AND ACTION:**
This item was part of the consent agenda. Final action noted on page 116.
d. PSU, Naming of the College of Engineering and Computer Science

DOCKET ITEM:

Portland State University sought Board approval of the naming of the College of Engineering and Computer Science at Portland State University to the Fariborz Maseeh College of Engineering and Computer Science. Additionally, PSU sought Board approval of the naming of the auditorium in the Northwest Center for Engineering, Science and Technology, when completed, as the Maseeh Auditorium. The Board’s Internal Management Directive 1.305(2) specifies “Institution presidents shall have authority to name schools and colleges, provided that the Board shall approve the naming of a school or college after a living person.”

Background
At a public ceremony on Thursday, March 18, 2004, it was announced that Dr. Fariborz Maseeh, founder and president of The Masseiah Foundation, was making the largest gift in Portland State University’s history—$8 million from the Foundation to the College of Engineering and Computer Science—and that the College would, upon Board of Higher Education approval, become the Fariborz Maseeh College of Engineering and Computer Science.

Dr. Maseeh, a first-generation immigrant born in Iran, received both his B.S. in Structural Engineering and M.S. in Mathematics from PSU before earning a doctorate of science from the Massachusetts Institute of Technology in 1990. Maseeh is an internationally known expert in the field of micro-technology (also known as MEMS) and is the founder and former president and chief executive officer of IntelliSense Corporation, based in Wilmington, Massachusetts.

IntelliSense was founded by Maseeh in 1991 with the vision of reducing the time and expense of creating next-generation micro-electro-mechanical systems (MEMS) devices. Under his leadership, IntelliSense successfully began the first custom design, development, and manufacturing MEMS operation and became the world’s fastest-growing MEMS corporation, twice named to both The New England Technology Fast 50 and The Forbes Fast 50. In 2000, IntelliSense was acquired by Corning, Inc., after which Maseeh founded an investment management firm located in Southern California.

Maseeh has published numerous scientific articles on topics such as business strategy, fabrication technologies and design, and software for MEMS, in addition to securing a number of patents and trademarks. He currently serves on the boards of several technology firms, engineering schools—including the University of California at Irvine and the University of Southern California—and non-profit organizations such as the Boys & Girls Club of Boston and the Children’s Hospital of Orange County Foundation for Children.

The $8 million gift includes funding for the following:
• $6 million to support the construction of a new 130,000 square-foot tower and the continued refurbishment of the Fourth Avenue Building (1900 S.W. Fourth Avenue) that together will be known as the Northwest Center for Engineering, Science and Technology;

• $1 million to establish two professorships, one to be known as the Maseeh Professor of Electrical and Computer Engineering and the other Maseeh professorship will be in an unnamed area of emerging technology within the College;

• $500,000, along with matching funding from Portland State, to establish five student fellowships; and

• $500,000 to endow a fund for the dean of the College. The endowment of the deanship will be known as the H. Chik M. Erzurumlu Dean of the College of Engineering and Computer Science. Dr. Erzurumlu is the founding dean of the College, established in 1982 at Portland State as the School of Engineering and Applied Science.

The Massiah Foundation was established and funded by Fariborz Maseeh as a platform for charitable contributions. The Foundation’s mission is to make significant improvements in education, health, arts, literature, and science.

**Staff Recommendation to the Board:**
Staff recommended Board approval of the naming of the College of Engineering and Computer Science at Portland State University to the Fariborz Maseeh College of Engineering and Computer Science. In addition, staff recommends naming of the auditorium in the Northwest Center for Engineering, Science and Technology, when completed, as the Maseeh Auditorium.

**BOARD DISCUSSION AND ACTION:**
Director Schuette moved Board approval of the consent agenda. Those voting in favor: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.

6. **DISCUSSION ITEMS**

b. Tuition and Fees

**DOCKET ITEM:**

Staff Report
2004-05 Preliminary Tuition Proposals
Revised OUS Fee Policies

The Board will receive final 2004-05 tuition and fee proposals for approval at the June 2004 Board meeting. At that time staff will request that the Board adopt the 2004-05 Academic Year Fee Book, which will include the OUS fee policies and detailed information on 2004-05 tuition and fees. This April report provides background
information and an update of the preliminary 2004-05 tuition proposals from each institution.

**2004-05 Tuition Proposals:**
In April 2003, the State Board approved tentative tuition plans for 2003-04 and 2004-05. All campuses proposed increases in each of the two years in response to the severe state funding reductions.

In July 2003, the Board approved specific tuition and fee rates for 2003-04, including changes to the tuition plateaus. In taking action, the State Board approved the principles that OUS institutions may: 1) modify or eliminate tuition plateaus, and 2) develop individual plans to modify or eliminate tuition plateaus in the future on a schedule that best meets their needs and the needs of their students. These plans would be submitted to the State Board for approval.

Attached is a report that summarizes the current campus proposals and provides background on OUS revenues and per-student funding. Also attached is a survey comparing 2003-04 OUS winter term tuition rates with peer universities in response to a request from the Board at the March 2004 meeting.

**Oregon University System Fee Policies:**
The OUS Fee Committee, comprised of OUS and campus representatives, has conducted a review of OUS fee policies to update them to reflect current practice and to match the policies implemented with the Resource Allocation Model (RAM) initiated in 1999-00. The new policy draft is included as supplemental material to the Board docket. The 2003-04 policies are available on the OUS website at http://www.ous.edu/fr_tuit.htm Further detail on specific wording changes and edits is available at the OUS Budget Office.

The majority of the proposed changes and edits clarify existing policies, but a few of the proposals represent minor substantive policy changes and are highlighted in the introduction to the new policy draft. The revised policies have been reviewed by the OUS Councils for Academic Affairs, Student Affairs, and Finance and Administration and will be presented to the Board in June 2004 for approval.
### Planned Tuition Increases for 2004-05

**Percentage Increases per credit hour**

<table>
<thead>
<tr>
<th></th>
<th>Resident Undergraduate</th>
<th>Nonresident Undergraduate</th>
<th>Resident Graduate</th>
<th>Nonresident Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>10%</td>
<td>10%</td>
<td>0%</td>
<td>10%</td>
</tr>
<tr>
<td>OIT</td>
<td>9%</td>
<td>3.1%</td>
<td>-6%</td>
<td>9%</td>
</tr>
<tr>
<td>OSU</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>PSU</td>
<td>8%</td>
<td>0%</td>
<td>-8%</td>
<td>4%</td>
</tr>
<tr>
<td>SOU</td>
<td>12%</td>
<td>12%</td>
<td>0%</td>
<td>8%</td>
</tr>
<tr>
<td>UO</td>
<td>12%</td>
<td>12%</td>
<td>0%</td>
<td>3.5%</td>
</tr>
<tr>
<td>WOU</td>
<td>6%</td>
<td>0%</td>
<td>-6%</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

*Apr-03 Plan - Approved by the State Board in April 2003

### Plateau Changes

<table>
<thead>
<tr>
<th></th>
<th>Resident Undergraduate</th>
<th>Nonresident Undergraduate</th>
<th>Resident Graduate</th>
<th>Nonresident Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>OIT</td>
<td>Eliminate Fall Term 2004</td>
<td>Eliminate Fall Term 2004</td>
<td>Eliminate Winter Term 2004</td>
<td>Eliminate Winter Term 2004</td>
</tr>
<tr>
<td>OSU</td>
<td>$50 per credit hr for 13-16 hrs</td>
<td>No change</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td>PSU</td>
<td>Eliminate Fall Term 2004**</td>
<td>Eliminate Winter Term 2004**</td>
<td>Eliminate Fall Term 2004**</td>
<td>Eliminate Winter Term 2004**</td>
</tr>
<tr>
<td>SOU</td>
<td>$55 per credit hr for 12-18 hrs</td>
<td>$205 per credit hr for 12-18 hrs</td>
<td>$152 per credit hr for 9-16 hrs</td>
<td>$268 per credit hr for 9-16 hrs</td>
</tr>
<tr>
<td>UO</td>
<td>$40 per credit hr for 14-16 hrs</td>
<td>No change</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td>WOU</td>
<td>Eliminate Fall Term 2004</td>
<td>Eliminate Fall Term 2004</td>
<td>Eliminate Fall Term 2004</td>
<td>Eliminate Fall Term 2004</td>
</tr>
</tbody>
</table>

**Approved by State Board October 2003
### Oregon University System
Comparison of Tuition and Fee Rates to Shared Peer Institutions for UO, OSU, PSU

<table>
<thead>
<tr>
<th>Institution</th>
<th>Resident</th>
<th>Nonresident</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Undergraduate</td>
<td>Graduate</td>
</tr>
<tr>
<td>University of Illinois, Chicago</td>
<td>$6,798</td>
<td>$7,548</td>
</tr>
<tr>
<td>SUNY, Buffalo</td>
<td>5,861</td>
<td>7,997</td>
</tr>
<tr>
<td>University of Memphis</td>
<td>4,234</td>
<td>5,142</td>
</tr>
<tr>
<td>Indiana University Bloomington</td>
<td>6,517</td>
<td></td>
</tr>
<tr>
<td>University of California, Davis</td>
<td>6,438</td>
<td>7,063</td>
</tr>
<tr>
<td>Purdue University, Main Campus</td>
<td>6,032</td>
<td></td>
</tr>
<tr>
<td>University of California, Santa Barbara</td>
<td>5,777</td>
<td>6,529</td>
</tr>
<tr>
<td>University of California, Davis <strong>University of Oregon</strong></td>
<td><strong>5,079</strong></td>
<td><strong>8,958</strong></td>
</tr>
<tr>
<td>University of Wisconsin, Milwaukee</td>
<td>5,107</td>
<td>7,403</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>4,944</td>
<td>9,366</td>
</tr>
<tr>
<td>Portland State University</td>
<td>4,278</td>
<td>7,623</td>
</tr>
<tr>
<td>University of Colorado, Boulder</td>
<td>4,068</td>
<td>5,120</td>
</tr>
<tr>
<td>University of Iowa</td>
<td>4,993</td>
<td>5,689</td>
</tr>
<tr>
<td>Iowa State University</td>
<td>4,840</td>
<td>5,536</td>
</tr>
<tr>
<td>North Carolina State</td>
<td>3,970</td>
<td>4,189</td>
</tr>
<tr>
<td>University of North Carolina, Chapel Hill</td>
<td>4,072</td>
<td>4,268</td>
</tr>
<tr>
<td>University of Arizona</td>
<td>3,602</td>
<td>3,852</td>
</tr>
</tbody>
</table>

Average without Oregon institutions

- Resident: $5,165
- Nonresident: $12,716

Oregon institutions as % of average

- Resident: 92.3%
- Nonresident: 111.8%
## Oregon University System
### Comparison of Tuition and Fee Rates to Shared Peer Institutions for EOU, SOU, WOU

<table>
<thead>
<tr>
<th>Institution</th>
<th>Resident Undergraduate</th>
<th>Resident Graduate</th>
<th>Nonresident Undergraduate</th>
<th>Nonresident Graduate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plymouth State College</td>
<td>$6,240</td>
<td>$7,912</td>
<td>$11,312</td>
<td>$12,290</td>
</tr>
<tr>
<td>SUNY College, Fredonia</td>
<td>5,362</td>
<td>7,912</td>
<td>11,312</td>
<td>11,512</td>
</tr>
<tr>
<td><strong>Eastern Oregon University</strong></td>
<td><strong>5,097</strong></td>
<td><strong>7,227</strong></td>
<td><strong>5,097</strong></td>
<td><strong>12,687</strong></td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>4,153</td>
<td>7,321</td>
<td>12,823</td>
<td>12,571</td>
</tr>
<tr>
<td><strong>Western Oregon University</strong></td>
<td><strong>4,305</strong></td>
<td><strong>7,614</strong></td>
<td><strong>12,570</strong></td>
<td><strong>12,858</strong></td>
</tr>
<tr>
<td>Mary Washington College</td>
<td>4,688</td>
<td>5,088</td>
<td>12,436</td>
<td>11,784</td>
</tr>
<tr>
<td>University of Wisconsin, Parkside</td>
<td>4,075</td>
<td>5,417</td>
<td>14,121</td>
<td>16,027</td>
</tr>
<tr>
<td>Eastern Washington University</td>
<td>3,687</td>
<td>5,877</td>
<td>12,543</td>
<td>17,190</td>
</tr>
<tr>
<td>Fort Hays State University</td>
<td>2,540</td>
<td>2,836</td>
<td>8,165</td>
<td>7,604</td>
</tr>
<tr>
<td>Southern Utah University</td>
<td>2,794</td>
<td>3,424</td>
<td>8,158</td>
<td>10,236</td>
</tr>
<tr>
<td>California State University, Stanislaus</td>
<td>2,503</td>
<td>2,713</td>
<td>15,193</td>
<td>12,865</td>
</tr>
</tbody>
</table>

Average without Oregon institutions: $3,986, $5,544, $11,777, $14,536
Oregon institutions as % of average: 113.4%, 133.2%, 86.3%, 87.4%
### Comparison of Tuition and Fee Rates to Peer Institutions for Oregon Institute of Technology 2003-04 Annual

<table>
<thead>
<tr>
<th>Institution</th>
<th>Resident</th>
<th></th>
<th>Nonresident</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Undergraduate</td>
<td>Graduate</td>
<td>Undergraduate</td>
<td>Graduate</td>
</tr>
<tr>
<td>SUNY College of Technology, Alfred</td>
<td>$5,280</td>
<td>5,290</td>
<td>$7,930</td>
<td>11,230</td>
</tr>
<tr>
<td>Purdue University, North Central</td>
<td>3,769</td>
<td>3,167</td>
<td>8,696</td>
<td>7,209</td>
</tr>
<tr>
<td><strong>Oregon Institute of Technology</strong></td>
<td><strong>4,443</strong></td>
<td><strong>6,630</strong></td>
<td><strong>13,623</strong></td>
<td><strong>11,274</strong></td>
</tr>
<tr>
<td>East Tennessee State University</td>
<td>3,839</td>
<td>4,913</td>
<td>11,771</td>
<td>12,845</td>
</tr>
<tr>
<td>Southern Polytechnic State University</td>
<td>2,754</td>
<td>3,216</td>
<td>9,690</td>
<td>11,538</td>
</tr>
<tr>
<td>Western Carolina University</td>
<td>4,785</td>
<td>4,688</td>
<td>14,137</td>
<td>14,198</td>
</tr>
<tr>
<td>Pittsburg State University</td>
<td>2,962</td>
<td>3,348</td>
<td>8,784</td>
<td>8,334</td>
</tr>
<tr>
<td>Weber State University</td>
<td>2,632</td>
<td>2,956</td>
<td>7,958</td>
<td>8,704</td>
</tr>
<tr>
<td>University of Houston, Downtown</td>
<td>2,714</td>
<td>3,074</td>
<td>8,378</td>
<td>8,378</td>
</tr>
<tr>
<td>California Polytechnic, Pomona</td>
<td>2,508</td>
<td>2,718</td>
<td>9,276</td>
<td>7,794</td>
</tr>
<tr>
<td>University of Southern Colorado*</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>West Virginia University Institute of Technology*</td>
<td>3,430</td>
<td>N/A</td>
<td>8,488</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Average without Oregon Institute of Technology**
- Resident: $3,471
- Graduate: $3,708
- Resident: $9,624
- Graduate: $10,026

**Oregon Institute of Technology as % of average**
- Resident: 99.64%
- Graduate: 158.18%
- Resident: 125.46%
- Graduate: 103.15%
BOARD DISCUSSION:
Ms. Nancy Heiligman indicated that the purpose of the discussion was to present preliminary proposals from the campuses for the 2004-05 academic year and to provide the Board time to consider the proposals and to identify any other information needs Board members might have.

The Board was reminded that the total OUS budget was $4.15 billion for the 2003-2005 biennium. These resources come from three sources: 17 percent from state funding; 21 percent from tuition and fees; and other revenues at 4 percent. Director Burns asked what the category “student loans” meant. Ms. Heiligman responded that student loans would be the federal direct lending that shows as revenue going into the universities. Continuing, Director Burns indicated that, “although that’s going directly to the institutions, it is de facto paying for tuition. It makes it so the 21 percent seems less daunting, when it would theoretically be far more if we included student loan funds as part of tuition.” The response from Ms. Heiligman was that if looked at it that way, it would be a “form of double counting.”

President Goldschmidt asked for clarification of legislative guidance on tuition and Ms. Heiligman explained that the cap, or limit, set by the legislature is on gross tuition dollars at $812.4 million and an additional cap on resource fees in a budget note of 8.6 percent. Continuing, President Goldschmidt asked what their position might be on controlling summer session and continuing education revenue “when the Board has a Working Group that is busy trying to figure out how to accelerate time to completion and some of the techniques being used on the campuses of lofty pricing seems to me to get you also to summer school programs and continuing education tools, and distance learning. I guess what I’m trying to figure out is, are we at cross-purposes on our attempts to shorten time to graduation. I’m not talking about academic year tuition, which is a bigger policy, but just these two, which appear to be off-peak strategies.”

Continuing her presentation, Ms. Heiligman pointed out that OUS would be under the gross tuition cap set by the legislature. “However,” she added, “on resource fees, our initial analysis shows that it may not be possible to raise rates during the biennium because we are, at each campus, pushing up against that limit.”

The 2004-05 tuition proposals reflect first the percentage rate increases per credit hour, and then proposed plateau changes. The rates approved at the April 2003 Board meeting, in concept, are the basis for the budget projections that were presented to the legislature to meet the legislative limit. It was pointed out that historically, full-time students paid a fixed amount of tuition if they were enrolled between 12 and 18 hours, referred to as the tuition plateau. “Over the past two years,” Ms. Heiligman pointed out, “the campuses have all been making modifications to those plateaus, from elimination to some kind of modification in their plateaus.”

Director Burns asked about the data she had requested regarding implications of the tuition plateau after winter term. The response was that the information had been requested from the institutions. They reported that the changes in student behavior for
winter term were negligible due to the plateau changes. This is, in part, due to the fact that the changes have not been in effect for very long. Provost Moseley observed that the UO modified the plateau two years ago and that their carrying load has actually steadily increased over the period of time. “We have managed in other ways to maintain and even increase student carrying load as we reduced the plateau first from 12-18 down to 13-15 credit hours, and then had started to charge on the plateau. There has been no decrease; in fact, there has been a steady increase in carrying load over that period of time.”

President Ray added that students are also attempting to adapt to the unhappy environment in which we all find ourselves. “So the notion that they’re going to stop taking those credits because they now cost more than they did ignores the fact that they cost less than they will in the future, because everybody is talking about raising those rates and everything’s going to cost more in the future.”

The UO considers course availability as a very serious issue that is being impacted from a number of different directions: budget cuts; inability to hire the number of faculty to teach the number of enrolled students; and, at times, offering courses at what are considered “off hours.”

In summary, Ms. Heiligman indicated that the proposed tuition rate increases are at or below the rates approved by the Board in April 2003. “In addition, all campuses are planning to make further changes to their tuition plateaus with the exception of EOU, where the elimination of the plateau has been fully implemented. The tuition revenue has been projected to fall below the legislative limit set in the budget notes and increases in resource fees will likely not be possible within that 8.6 percent legislative limit.”

There was discussion concerning the arena in which further discussion should occur concerning tuition, fees, and plateaus, how students should be involved, and the specific focus. Director Burns indicated that these issues affect the Access/Affordability Working Group. “I know that the enrollment numbers might not have been changed right now, but the big problem is that the federal financial aid form looks at full time student status as being 12 credits. So, if you are a low income student and the tuition plateau is eliminated, you don’t get enough money to be able to get more than 12 credits because the amount of money you are given by the federal government or by the Oregon Opportunity Grant, uses the same indexing. We need to talk about how this is affecting low income students.”

Director von Schlegell reminded the Board that it was going to be asked to make decisions that have “short term ramifications and then there are some long term stewardship implications in this. I would like some help from the presidents on how to sort out the difference because anytime you make a policy or fee change, short term things happen and, if you extrapolate from them, you’re making a mistake because they might have the opposite effect long term.”
Director Nesbitt added to the list of items for inquiry: “Why we would, on some campuses, be raising the resident tuition rate by greater percentages than the nonresident?” It was emphasized by Director Burns that she would not want the conversations framed in a way that the institutions felt as though money were going to be taken away from what they would be getting with the removal of the plateau. “I think you can have all that money, but it’s a matter of whether or not the plateau is the right way to distribute that load,” she added.

Director Lorenzen observed that there was a lot that was depressing about tuition levels. “In looking at the larger universities, it appears that our tuition is not out of line with regard to averages among peers. They are very close, which to me is very depressing. Then I’ll indicate my own regional bias. If you take a look at Eastern, the tuition there is substantially above the average for its peers.”

Presidents Ray and Zinser reminded the Board that materials had been distributed that present the situations on those two campuses. Both presidents indicated that they would be having extensive discussions on their campuses that would involve students. Director Burns commended President Ray for the email he sent to all students. “I think students really appreciate that kind of transparency and that’s how we prevent any kind of backlash in the end,” she added.

It was decided that the plateau and tuition discussion would occur immediately following adjournment of the regular Board meeting.

c. Update on Advocacy and Legislative Campaign (Neil Bryant)

There was no update from Neil Bryant.

7. REPORT ITEMS

a. Optional Retirement Plan (ORP) Employer Rate Correction

DOCKET ITEM:

Introduction:
OUS staff, working with the Office of the Attorney General, the Public Employees Retirement System (PERS), and PERS’ consulting actuary, has determined a series of steps to correct temporarily reduced employer contribution amounts for participants of the Optional Retirement Plan (ORP). The report outlined the issues that created a decrease in ORP employer contribution rates and the process for correcting under-contributions to ORP participants’ accounts.

Measure 29 PERS Rate Relief
In September 2003, Oregon voters passed Measure 29, permitting the State of Oregon to issue general obligation bonds in the amount of $2 billion, which had the effect of reducing the state’s PERS retirement costs by 6.60 percent of subject members’ salary.
In advice based on the plain language of ORS 243.800(9)\(^1\), the Attorney General’s office advised the OUS that the state’s PERS employer rate reduction was also applicable to ORP participants’ employer contributions. In November 2003, OUS accordingly reduced ORP participants’ contributions to 3.71 percent and 4.27 percent, respectively, for Tier One and Tier Two ORP participants, using rates developed for the ORP by PERS’ actuary.

Subsequent discussions with the Attorney General’s office have recently yielded revised advice that permits restoration of ORP participants’ employer contributions reduced by the Measure 29 pension bond deposit to PERS. The OUS may retroactively increase the current employer contribution amount by the fully amortized value of the proceeds of the bond sale, which PERS’ actuary certifies is 6.60 percent of salary.

OUS established the November 2003 ORP rates through reliance on existing rules and statute, as well as advice from the office of the Attorney General. Under-contributions, to the extent that they occurred, were based on a plain language reading of the Oregon law and rules, and were not breaches of compliance with the Plan document. Therefore, counsel retained by the OUS with the firm of Miller Nash LLP has advised OUS that self-correction may be used to reset and restore contributions, to the amounts required, without using formal IRS procedure or filings.

OAR 459-005-0320 Repealed
The second impact on ORP employer contribution rates occurred in January 2004, when PERS repealed OAR 459-005-0320. The rule had required OUS to use separate, actuarially determined employer contribution rates for Tier One and Tier Two ORP participants. Since repeal of the rule, the OUS is not required to establish separate Tier One and Tier Two employer contribution rates. Instead, a blended Tier One/Tier Two rate will be contributed for both Tier One and Tier Two ORP participants effective January 1, 2004, to more closely comply with the direction of ORS 243.800(9).

**Correction Process:**
Correcting under-contributions to ORP accounts requires a series of actions to adjust rates for the Measure 29 rate relief and repeal of OAR 459-005-0320.

**Action Plan:**

1. Staff will calculate dollar amounts for each ORP participant sufficient to add 6.60 percent of salary to each ORP employer contribution account for November 2003, December 2003, January 2004, February 2004, and March 2004. These under-contribution amounts for the amortized pension bond rate reduction will be deposited as a lump sum contribution to ORP accounts in April 2004.

---

\(^1\) ORS 243.800(9) The State Board of Higher Education shall contribute monthly to the optional retirement plan authorized under this section the percentage of salary of each employee participating in the plan equal to the percentage of salary that would otherwise have been contributed as an employer contribution on behalf of the employee to the Public Employees Retirement System if the employee had not elected to participate in the optional retirement plan.
2. Staff will calculate dollar amounts for each Tier One and Tier Two ORP participant sufficient to adjust employer contributions from tiered rates to the blended Tier One/Tier Two rate. For Tier One ORP participants, the employer contribution will increase from 3.71 percent to 4.71 percent of salary, a total of 1.00 percent; for Tier Two ORP participants, the employer contribution will increase from 4.27 percent to 4.71 percent of salary, a total of 0.44 percent. Under-contributed amounts based on the adoption of the higher, blended employer contribution rate in January, February, and March 2004 will be deposited to ORP employer contribution accounts as a lump sum contribution in April 2004.

3. The ORP employer contribution rate will be reset to 11.31 percent, effective April 2004, for Tier One and Tier Two ORP participants. This revised rate incorporates the corrections for both the Measure 29 pension bond rate reduction and for the repeal of OAR 459-005-0320.

4. Consultants and ORP investment companies will calculate lost earnings, using employer census and wage data provided by OUS staff. “Lost earnings” deposited to ORP participants’ accounts is the dollar amount attributable to investment earnings and losses on under-contributed amounts from November 2003 through March 2004. Lost earnings amounts will be deposited to ORP employer contribution accounts upon completion of all calculations.

**Conclusion:**
The blended PERS employer contribution rate for ORP participants, plus an addition equal to the Measure 29 pension bond deposit rate reduction, yields the employer contribution rate required by ORS 243.800(9). Adopting this rate structure and adding lost earnings to under-contributions during the applicable periods meets the responsibilities of the Plan and the Oregon State Board of Higher Education.

**BOARD DISCUSSION:**
Ms. Denise Yunker reviewed the report on the Optional Retirement Plan Employer Rate Correction. Director Nesbitt asked if there was an estimated fiscal impact of the rate correction. Ms. Yunker responded that the reduction in the rate between November 2003 and March 2004 was about $1 million a month and, she added, “at the time we experienced that rate, the campuses were advised and we believe that they have recognized that those funds weren’t available for expenditure.” Vice Chancellor Anderes added that OUS would probably be looking at $6-7 million that comes back into play on the expenditure.

In response to Director Nesbitt’s question of whether or not this resolved the lawsuit, Ms. Yunker explained that a resolution is being sought.
b. Standing Committees

   i. Finance/Budget/Audit/Personnel/Real Estate (Don Blair)

   No further report was given.

c. Working Groups

   i. Academic Excellence/Economic Development (Kirby Dyess)

   Chair Dyess reported that the Working Group had a good review of research and graduate studies on OUS campuses and the economic engine that provides for the state. She indicated that OCKED is currently working on some of the same economic development areas. Ms. MardiLyn Saathoff, General Counsel to the Governor, indicated that she works with OCKED and had conversations with Chair Dyess concerning how the work can be coordinated.

   ii. Academic Programs – no report.

   iii. Access/Affordability (Tim Nesbitt)

   Chair Nesbitt indicated his group was meeting following the Board meeting. “We have had a meeting with the Oregon Independent Colleges Association; have recruited Paul Bragdon, president of Lewis & Clark College, to serve on the Working Group; met with the state economist looking at some of the projected workforce needs and better ways to identify the underserved population for postsecondary education. It has come to our attention that we have a benchmark established by the Oregon Progress Board of getting to 45 percent of our population with four-year degrees by 2010 or the next ten years. That is a huge undertaking, so we’re going to be sending a very broad invitation to all segments – young adults, older young adults – to enable that kind of performance, that kind of access to postsecondary education.”

   President Goldschmidt asked if he was correct that the goal has been to get to an understanding, if not a final agreement, among all the players that are working to create this affordability and access package, take it to the Governor’s team, the Budget Office, and others, “let them look at it, make sure we’re not standing on landmines without knowing it, and then I think you all expect to start visiting editorial boards and trying to get it out in some way to a broader community in Oregon. Is that correct?”

   Chair Nesbitt concurred and indicated that there will be many stakeholder meetings on the design of the package.

   iv. Chancellor’s Office Review (Neil Goldschmidt)

   The report of the Working Group had been distributed the day before.
v. Excellence in Delivery & Productivity (Gretchen Schuette)

No further report.

8. REPORTS

- Interinstitutional Faculty Senate (IFS) President

President Gilkey indicated he had covered the salient points of his report under the discussion on the Optional Retirement Plan.

- Oregon Student Association (OSA) Vice Chair Scott Pugrud

Mr. Pugrud indicated that Andy Saultz was ill and he would provide the report that focused on the tuition plateau. “We would like to re-emphasize why we believe it is a bad policy option for universities and students.” Mr. Pugrud emphasized that the tuition plateau encourages students to take fewer courses, especially low-income students. “We ask that over the next couple of months as you consider tuition and fee proposals, you reconsider campuses that have or want to eliminate or modify the tuition plateau. We understand the tuition plateau may not be reinstated completely, but we ask that it be reimplemented for students taking 12-16 credits so that they can graduate on time while taking four-credit classes that are often the only option.”

9. CHANCELLOR AND UNIVERSITY PRESIDENTS’ REPORT

President Conn indicated WOU had a burst of energy when Governor Kulongoski visited the campus. The Governor explained his education initiatives and discussed the work of the Board of Higher Education.

President Dow, OIT, inserted that the “average GPA of her men’s basketball team is 3.45.

President Ray, OSU, reminded the Board that former Senator John Glenn has agreed to be commencement speaker this year. The UO alumni association, in conjunction with the OSU alumni association, has arranged a couple of receptions for him as a new president. He saw these as real signs of collegiality.

Provost Moseley highlighted that the UO’s College of Education ranked overall eighth in the nation, fourth among public universities, and first in special education and in the ability of the faculty to obtain federal grants.

President Lund, EOU, reported that students had participated in a Math Modeling Contest that involved 600 teams worldwide and they received honorable mention for being in the top 38 percent of the 600 teams. A team of business administration majors called, Students in Free Enterprise, participated in the Western regional competition, and were first runner up in its division. “We are competing against much larger schools. The larger schools’ budgets for this particular event range in the neighborhood of $130,000. EOU’s was just $5,000. So to become first runner up against this competition
is a great accomplishment.” EOU has a Native American Adolescent Mentorship Program and recently hosted 25 students, who visited the campus with their mentors. The program is dipping into the middle school to try to help stem the attrition of Native Americans in middle and high school programs.

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

11. **Delegation of Authority to Board’s Executive Committee**
Director Burns moved approval of the following Delegation of Authority. Those voting in favor: Directors Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, von Schlegell, Schuette, Sohn, and Goldschmidt. Those voting no: None.

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.

12. **Adjournment**
Prior to adjournment, President Goldschmidt made the following comments regarding Chancellor Jarvis.

“I’m sitting next to somebody who is just a total class act in Richard Jarvis.

“He has, from the day that the Governor asked this new crew of people to go to the legislature to seek confirmation and to come here, been available at every godforsaken hour imaginable while all of us have hounded him for information and advice. His schedule has convenienced us in every way possible, and his advice has come without reservation.

“I can’t think of a time in my life when I’ve been more discouraged about the circumstance in which I have placed somebody of great reputation and ability. But this state is in, as I think Richard knew when he came, a rather unhappy and difficult circumstance that started with Measure 5 and will play out over a lot of time apparently still to come. Through this time, he has participated in searches for two of our campuses and we are fortunate about the results. One of those results is here today, President Ray; the other soon to come to take Dixie’s place. A lot of good things have been done and that’s one of the problems in times that are difficult.

“All anybody is writing about in the paper is the stuff that isn’t going right. We certainly spent time on it today when we started talking about more tuition increases and we look at these charts that show the difference between what the state was able to afford some less than a decade ago as a support for our universities and community colleges. The
effects on the students that followed are not attractive. The passion of people that take up teaching and education and research as a career never was to keep people out of their schools because they couldn’t afford to get in.

“So, I want to say to Chancellor Jarvis – it is a circumstance none of us quite understood when we came, what we were going to inflict on you and, in many respects, I am just saying I apologize because it was not something I could have predicted and I know it was not something you could have predicted when you agreed to come. I know that the Board that picked you is certainly discouraged on your behalf and not particularly proud that we all go to this place. It will be a good thing for us that we have your continuing help for the coming months and I hope you understand that we want you where you sit until your time to depart occurs and to continue weighing in on the matters that made a difference to you while you’ve been here.

“Thank you very much.”

There was a standing ovation for Chancellor Jarvis.

Director von Schlegell moved that the meeting be adjourned. All directors voted in favor.

The meeting adjourned at 11:55 a.m.

Virginia L. Thompson  
Secretary to the Board

Neil Goldschmidt  
Board President
SPECIAL TELEPHONIC MEETING OF THE 
EXECUTIVE COMMITTEE OF THE BOARD OF HIGHER EDUCATION

APRIL 15, 2004

1. CALL TO ORDER/ROLL CALL/WELCOME
Vice President Geri Richmond called the telephonic meeting of the Executive Committee to order at 4:05 p.m.

The following Executive Committee members answered present:

Don Blair  Gretchen Schuette
Henry Lorenzen  Geri Richmond

Absent: President Goldschmidt (business conflict).

System Office staff present: Jon Yunker, Tom Anderes, Neil Bryant, Shirley Clark, Nancy Goldschmidt, David McDonald, Ben Rawlins, Marcia Stuart, Virginia Thompson, and Susan Weeks.

Others: Peter Gilkey (IFS), Martha Anne Dow (OIT), Dixie Lund (EOU), Ed Ray (OSU), and Elisabeth Zinser (SOU).

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

2. ACTION ITEM

a. Proposed Legislative Concepts

DOCKET ITEM:

Summary

Background
Five of the Legislative Concepts before the Executive Committee came from the Board’s Working Groups that, in a very brief period of time, have held a number of public meetings and conducted a series of fact-finding and development activities that
have led to the creation and development of potential activities that would advance the Board’s and the Governor’s higher education statewide agenda. The proposed activities have been reviewed and modified by a wide range of education representatives (including OUS and community college presidents, provosts, academic deans, representatives from the Oregon Department of Education, the Oregon Student Association, the OUS Interinstitutional Faculty Senate, and representatives from the broader public agencies, and private businesses). Other Concepts came from OUS presidents and focused primarily on flexibility initiatives.

**Staff Recommendation to the Committee**

Staff recommended that the Executive Committee, on behalf of the State Board of Higher Education, adopt the following items as Legislative Concepts. (NOTE: the full text of the Proposed Legislative Concepts is attached.)

1. Access Scholarships for Education Trust (ASET): expansion of need-based financial aid via revisions to, and enhancements of, the Oregon Opportunity Grant for postsecondary education.

2. Connecting higher education to a statewide student-service system: to improve use of student data to support better student preparation for college and increased college efficiency in terms of initial course placement and admission application processing.

3. Removing institutional transfer barriers to students: create a seamless transition pathway for students from community colleges to OUS that results in greater efficiency for students and more students able to graduate faster and with less debt.

4. Strategic investment to support increased student access to college: investments to support expansion of services and offerings that increase capacity and education opportunities for high school and post-secondary students.

5. Academic excellence and economic development: addition of resources to advance two to five initiatives for Oregon’s economic development that, collectively, touch every part of the state and build on academic excellence residing in Oregon’s postsecondary institutions.

6. The retention of interest earned on auxiliary enterprise funds to be used to support construction, renovation, or deferred maintenance on student housing on the campuses. Presently, university housing must deposit current operating funds in accounts with the State Treasurer, and the interest earned on those accounts is retained by the state. OUS receives no state appropriation for housing; therefore, housing must support all of its needs from occupancy revenue.
BOARD DISCUSSION AND ACTION:
Vice Chair Richmond indicated that there was one item on the agenda and that was to approve a slate of Legislative Concepts. It was explained that these were due in the Department of Administrative Services at 5:00 p.m. on the afternoon of the meeting and, therefore could not be delayed until the next regular Board meeting. A sixth item had been added to the original list and Vice President Richmond asked Neil Bryant to briefly explain the item. Mr. Bryant deferred to Vice Chancellor Anderes to review the intent of the item.

Vice Chancellor Anderes indicated that, at the present time, interest earnings are derived from certain auxiliaries, certain student recreation centers, and athletics. “What we’d like to do is get interest earnings on food services and residence halls. Basically, we get interest earnings on operating funds and then are able to use those for capital construction projects and we’re seeking additional opportunities through residence halls and food services.”

Director Blair indicated that he understood that this concept would be an uphill fight but that he thought it was appropriate to propose it.

Director Lorenzen questioned whether Item #2 relating to the statewide student-service system required legislative action. Dave McDonald responded that it was a placeholder connected to K-12 efforts to obtain funding for the same thing. “We plan to put forward a budget request with this one to fund the connection of our system to the K-12 system.”

Indicating that he was under the impression that legislative concepts dealt with a proposed statute or amendment to statute, Director Lorenzen asked what relationship the item had to the budget to implement something like that? “Why is this a legislative concept?”

Director Schuette underscored again that the items are still in the concept stage and need to be fleshed out if it was to be any part of any legislative initiative. “It shows up on the Governor’s Office draft legislative agenda, it certainly is something that legislators were interested in, particularly from the performance measures aspect. As we develop the concept, we’ll see whether or not it has to be specific legislation, but I think there’s enough constituent interest that we need to keep it in the queue.”

Continuing, Director Lorenzen asked if it was anticipated that legislation would be required. He asked how these differed from what might be sent as administrative priorities or objectives or programs that the Board might want to carry out but already have the authority to do, if provided the funding.

Vice Chancellor Anderes indicated that “today (April 15) is actually the cut off date to submit any possible legislative concept. Because a number of these are unknown and the Working Groups are still looking at the issues surrounding them, we didn’t want to be put into the position where something might evolve that did need a statutory change.”
Director Lorenzen expressed his concern about what cost might be associated with this and also what new information we would get and how we would act on that information. “The thing that I’m particularly sensitive to on this issue is the potential impact, and I’m not sure if, yet, it’s anticipated that people within the Chancellor’s Office IT (Information Technology) section would be working on this, or whether it would be done elsewhere. But it seems like the ability to carry this out, would, to a great deal, depend on what IT services or strengths are left or where they may be going.”

Director Schuette agreed and indicated there would need to be a cost-benefit analysis completed. “But at this point, this is a high priority to deal with the people that we want to continue to work with on developing this strong platform, so I think we need some time to develop the potential.”

In response to a question from Director Lorenzen on who had an interest in this concept, Director Schuette said that “it was among the things of interest to Susan Morgan and Kurt Schrader in our discussions with them; the Governor’s Office has it on their legislative agenda; the K-12 Board and the State Superintendent have it on their agenda; I’ve heard indirectly that Vic Backlund is interested in it—those are the folks I’m talking about.

Vice Chair Richmond expressed concern for the data collection part and even more so for the implementation. “I think we need to discuss the kind of cost associated with implementation because it goes beyond just simply collecting the data. I appreciate the importance that others are putting into it, but we have to discuss this much earlier to find out whether we’re creating something that needs a tremendous amount of resources that would draw away from some of our other priorities.”

“I couldn’t agree with you more,” Director Schuette responded. “We need to do some more work on this, but primarily, we’re talking about data that’s already collected, getting it organized, and, again from my perspective, highest priority so that students have access in a forward looking fashion so they can see what they need to do next in the whole community college/OUS arena. That’s my perspective on it, but we’ll work it some more.”

Director Blair expressed a similar concern to that raised by Director Lorenzen. “Now I understand that these are just keeping our options open. Vice Chancellor Anderes, maybe you can answer this, but is there a perception, have any presidents put one of these forward and then came back later and said that we don’t think these require legislative action?”

Dr. Anderes responded that he didn’t believe that had been the case. “I think it might be the timing of when we can react. But I’m assuming right now that, as these go forward and there are other discussions, that everybody will understand that the process to really start to look at things is very, very short, both in terms of when it started and when it will be completed. I would say that when we come to the Board in May, we’re going to
acknowledge the fact there will be a policy package assigned to various ones of these. So there will be another point at which the Board can look at it, talk about whatever the costs might be. That may not be complete, but it will be another step in making a decision “is this really something that is going to require legislative change or is it simply a budget item that can move forward without that?”

Director Blair asked if there would be any adverse impact of putting placeholders out and then later withdrawing them? Mr. Bryant responded in the negative, indicating that is frequently anticipated, “especially with the short time frame we have. Some of the analysis hasn’t been completed, people are just beginning to have the discussion of how best to approach it and fix it. It’s not uncommon that they’re withdrawn. In the legislative process, normally what happens is that a senator or representative sends in an idea and it’s a rough draft of an actual legislative concept. After taking a look at it and discussing it with others, many of those are never submitted or they are dropped as a bill. It just ends right there. So, it’s just, hopefully, a thoughtful process and because of the DAS requirements of those requests, they have to be put in there.”

Director Blair said that he remembered there had been some requests from the campuses to streamline some of these administrative requirements on them. “Some of those would probably have required legislative change.” He wondered what had happened to those.

Mr. Bryant responded that he knew what the concepts were to which Director Blair referred. He indicated that the Legislative Advisory committee had asked the presidents and vice presidents to give them their ideas. “They came back with a list of things, again trying to base it upon the Governor’s guidelines. That list was given to others and myself, and we cut it down, probably eliminating about 70 percent of the ideas because they weren’t politically feasible and it wasn’t where we thought we should continue at this time. But of the remaining list, we thought that several of those could be handled administratively, and by the Board changing some rules.

“And, there’s one of those that I was going to raise, after the Board had concluded their discussion on the other legislative concepts. In answer to your question, Director Blair, it’s hoped that most of those items that remain of interest will continue to be discussed and we will try to confirm that, in fact, through means other than legislation, that the changes can be made. If it turns out that we do need a legislative change, the Governor’s Office keeps some general placeholders just in case. I’d call that another outlet for us. Also, as the legislation dealing with the budget goes through, if it’s related to a budgetary interest, the Ways and Means Committee can add an amendment and they can make some changes. And a third option you have, if the deadline is past, is to go to a senator or representative and ask them to sponsor a legislative concept. The latter one you wouldn’t want to do, of course, unless the Board approves it, and that’s a little later in the game and it means that it’s harder to pass. But, those are other safety valves that would be available.”
President Ray observed that it appeared that there already was a general decision that concepts would not be going through that would require action for the legislature in the regulatory area because the Board could have put in a simple placeholder that really says nothing about specifics, just that something would be brought forward. “And every alternative you’ve described, obviously, is more complicated and would be a harder way to go, so I guess what I’m asking is for some clarity. Have we basically decided we’re really not going to the legislature to ask for any changes that require legislative action?”

Mr. Yunker indicated that Mr. Bryant had explained all of this very well. “We did go through the administrative flexibility factors, both in staff and with President Goldschmidt, Neil Bryant, the Governor’s Office, and with the Department of Administrative Services. In some of the conversations with the Legislative Fiscal people, there was a strong consensus that many of those issues, for example, changing the General Fund bond match ratio to 3:1, or eliminating all Other Funds expenditure limitations, and so forth, would receive no support from the legislature, the Governor’s Office, or DAS. We felt these were divisive and that there were many other things on the agenda that were very critical and would require the support of those bodies. We did get several changes in the last biennium, and there are some things on that list, about five or six, that we believe we can support through administrative process, so we don’t need to be in front of the legislature for six months on those issues. The one that stuck out when visiting with President Goldschmidt was #6 that you will approve today. It provides interest earnings to stay with the dormitories and housing funds.”

It was pointed out by Director Lorenzen that, “as we go through the analysis of the appropriate role of the Chancellor’s Office, it may very well be that, in the next legislative session, we may be seeking authority to provide further delegation or other administrative actions that would be required. It may be a little bit premature this session, until we determine what the ultimate role of the Chancellor’s Office is going to be.”

Mr. Bryant indicated that the legislative concept that he wanted to discuss with the Executive Committee dealt with more freedom for the campuses on using their Special Attorneys General. He explained that “this is a concept that was brought forward at the last legislative session and a compromise was reached that ended up being a memorandum of understanding. And that was negotiated and signed, but it hasn’t worked as well as campuses had hoped. The idea is to allow the campuses to have more flexibility, for instance, in contract review. That not only would save money, I think it’s about $400,000 that’s being spent right now for the Department of Justice to do that, but also the timing of getting things done. There is also the legal requirement that for contracts of $75,000 or more, DOJ reviews them for legal sufficiency—same type of argument. And, currently there are discussions with the Attorney General’s office on revising the memorandum of understanding, and looking to see if there is a way to make it work better. I’m hopeful that that will be successful. In fact, Ms. MardiLyn Saathoff, General Counsel to the Governor, has had conversations with the Attorney General’s office and Hardy Myers is coming to Bend next month to have a conversation with me about it. From my perspective, it will be helpful to have that legislative concept
as a placeholder. So, I would like you to consider that by putting it in as a placeholder position."

Director Lorenzen expressed agreement with Mr. Bryant. “From my discussions with Ben Rawlins and the other counsels for the universities, I’m also of the conclusion that there’s a need for greater flexibility in legal services and I’m particularly sensitive to this because the majority of my legal work is as acting general counsel for a co-op. And one of the functions for my client is being able to obtain the very best legal services for them to take up the issue at hand. I’m concerned that these folks may have their hands tied and their ability to provide cost effective services in a timely manner.”

Mr. Yunker indicated he had discussed this with Mr. Bryant. “The issue from the other side, of course, was that we need to have a good relationship with the Attorney General’s office down the road. But the Attorney General’s office has agreed with us and with the Governor’s Office that they would need to revise their processes and provide better and quicker service. It’s kind of a more, better, faster issue here, and putting a concept in saying that we want more delegation from the Attorney General’s office to the System might help in these negotiations. So, I don’t have any problem with the concept, with the understanding that as progress is made, we can always withdraw that concept.”

Vice Chair Richmond clarified that the request was to add a seventh concept. Mr. Yunker and Mr. Bryant concurred and indicated that it should be titled, “Authorizes OUS To Employ or Retain Attorneys and Eliminate DOJ Legal Sufficiency Review on OUS Contracts.”

Director Blair moved that the Executive Committee approve the seven Legislative Concepts presented to the Committee. On roll call the following Executive Committee members voted in favor: Directors Blair, Lorenzen, Schuette, and Richmond. Those voting no: none.

3. ADJOURNMENT
The meeting adjourned at 4:35 p.m.

Virginia Thompson
Secretary to the Board

Geraldine Richmond
Board Vice President
LEGISLATIVE CONCEPT Agency No./Concept No. 580/02
Date 4/13/2004

♦ Attach a Fiscal Impact Estimate.
♦ Attach draft language.
♦ Deliver original and five copies including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 on or before April 15, 2004.

Agency Oregon University System
Division/Program State Board of Higher Education
Concept Subject/Title Access Scholarships for Education Trust
Contact Person Nancy Goldschmidt Phone No. 503-494-1445

♦ BRIEF DESCRIPTION OF THIS CONCEPT:

Reduce financial barriers to attaining postsecondary education in Oregon.

♦ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

For Oregon to be competitive in the global economy, we need to raise the education attainment levels for all Oregonians by reducing the postsecondary education opportunity and affordability gaps. We need to ensure that high quality post-secondary education institutions are accessible to all Oregonians.

We seek expansion of need-based financial aid via revisions to, and enhancements of, the Oregon Opportunity Grant, for post-secondary education; and,

We intend to develop a proposal for a (legislatively-referred) constitutional amendment to establish an endowment for financing need-based financial aid for post-secondary students.

♦ POLICY IMPLICATIONS:

Changes to the Oregon Opportunity Grant. Development of endowment fund.

♦ PARTNERS OR OTHER AGENCIES AFFECTED:

Agency: Oregon Student Assistance Commission

Person you talked to about concept: Brian Clem, Chair
Phone: 503-494-1445

♦ KNOWN SUPPORT
UNKNOWN AT THIS TIME

♦ KNOWN OPPOSITION:
UNKNOWN AT THIS TIME

♦ THIS CONCEPT: (Do not skip answers. Enter none or N/A as needed.)
Revises or repeals ORS to be determined
 Adds new sections to ORS Chapter to be determined

Check one: ☑ Major program change ☐ Minor program change ___________
Technical correction/housekeeping only

Was previously proposed in: Year n/a as Bill No. n/a

Why are you proposing it again (what changed)? n/a

Is a PLACEHOLDER? No ☐ Yes ☑ Expected date of completion: 7/1/2004

Reason not completed: work progressing through OUS Board.

Is due to legal decision: N/A Case cite: N/A or AGO No./date N/A (attach copy)

Imposes or adds to unfunded mandate on local governments? No ☑ Yes ☐ (attach Fiscal Impact Estimate)

Has other fiscal or position impacts? No ☐ Yes ☑ (attach Fiscal Impact Estimate)
LEGISLATIVE CONCEPT  Agency No./Concept No. 580/03
Date 4/13/2004

♦ Attach a Fiscal Impact Estimate.
♦ Attach draft language.
♦ Deliver original and five copies including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 on or before April 15, 2004.

Agency Oregon University System (OUS)
Division/Program State Board of Higher Education
Concept Subject/Title Connecting Higher Education to a Statewide Student-Service System
Contact Person David Mc Donald
Phone No. (541) 346-5729

♦ BRIEF DESCRIPTION OF THIS CONCEPT:

A K-16 data system has been identified nationally (see NGA recommendation) as a critical component to a comprehensive student educational system. The K-12 system is under development, and this concept would connect post-secondary education (OUS and community colleges) to achieve greater efficiency in admissions processing and student course placement while also leading to improved secondary school performance by providing meaningful student-performance feedback to high schools. This will also empower students and their parents to become more informed about preparation for college.

♦ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):

Improve use of student data to support better student preparation for college, and increased college efficiency in terms of initial course placement and admission application processing.

♦ POLICY IMPLICATIONS:

♦ PARTNERS OR OTHER AGENCIES AFFECTED:

Agency: Oregon Department of Education Person you talked to about concept: Pat Burk Phone: (503) 378-3600
Office of Community Colleges and Workforce Development Cam Preus-Braly (503) 378-8648

♦ KNOWN SUPPORT
OREGON DEPARTMENT OF EDUCATION, OFFICE OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT

♦ KNOWN OPPOSITION:
NONE

♦ THIS CONCEPT: (Do not skip answers. Enter none or N/A as needed.)
Revises or repeals ORS N/A
Adds new sections to ORS Chapter N/A
Check one: ☑ Major program change ☐ Minor program change
Technical correction/housekeeping only
Was previously proposed in: Year N/A as Bill No. N/A
Why are you proposing it again (what changed)? N/A
Is a PLACEHOLDER? No ☐ Yes ☑ Expected date of completion: 7/1/2004
Reason not completed: Work progressing through OUS Board
Is due to legal decision: No Case cite: N/A or AGO No./date N/A (attach copy)
Raises fees or assessments? No ☑ Yes ☐ (attach Fiscal Impact Estimate)
Imposes or adds to unfunded mandate on local governments? No ☑ Yes ☐ (attach Fiscal Impact Estimate)
Has other fiscal or position impacts? No ☐ Yes ☑ (attach Fiscal Impact Estimate)

APPROVED FOR DRAFTING

DEPARTMENT OF ADMINISTRATIVE SERVICES DATE GOVERNOR’S OFFICE

DATE
LEGISLATIVE CONCEPT  Agency No./Concept No. 580/04
Date 4/13/2004

♦ Attach a Fiscal Impact Estimate.
♦ Attach draft language.
♦ Deliver original and five copies including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 on or before April 15, 2004.

Agency Oregon University System (OUS)
Division/Program Oregon State Board of Higher Education
Concept Subject/Title Removing Institutional Transfer Barriers to Students
Contact Person David Mc Donald  Phone No. (541) 346-5729

♦ BRIEF DESCRIPTION OF THIS CONCEPT:

Increasing the successful transfer of community college students to OUS campuses through: 1) creation of an Oregon Dual Enrollment Framework; 2) creation of a fully transferable lower division common core of lower-division courses; and 3) creation of a fully transferable lower-division set of common student educational outcomes leading into an academic major.

♦ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):
Create a seamless transition pathway for students from community colleges to OUS that results in greater efficiency for students in terms of courses taken without redundancy, fewer lost credits for courses completed, and greater alignment of community college and OUS lower-division courses. As a result more students will graduate faster and with less debt.

♦ POLICY IMPLICATIONS:
Access to College

♦ PARTNERS OR OTHER AGENCIES AFFECTED:
Agency: Community Colleges and Workforce Development  Person you talked to about concept:  Phone: (503) 378-8648

♦ KNOWN SUPPORT
COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT, OFFICE OF THE GOVERNOR

♦ KNOWN OPPOSITION:
NONE

♦ THIS CONCEPT: (Do not skip answers. Enter none or N/A as needed.)
Revises or repeals ORS N/A
Adds new sections to ORS Chapter N/A
Check one: ☑ Major program change ☐ Minor program change
Technical correction/housekeeping only
Was previously proposed in: Year N/A as Bill No. N/A
Why are you proposing it again (what changed)? N/A
Is a PLACEHOLDER? No ☐ Yes ☑ Expected date of completion: 7/1/2004
Reason not completed: Work progressing through OUS Board
Is due to legal decision: No Case cite: N/A or AGO No./date N/A (attach copy)
Raises fees or assessments? No ☑ Yes ☐ (attach Fiscal Impact Estimate)
Imposes or adds to unfunded mandate on local governments? No ☑ Yes ☐ (attach Fiscal Impact Estimate)
Has other fiscal or position impacts? No ☐ Yes ☑ (attach Fiscal Impact Estimate)
**LEGISLATIVE CONCEPT** Agency No./Concept No. 580/ 05
Date 4/9/2004

- Attach a Fiscal Impact Estimate.
- Attach draft language.
- Deliver **original and five copies** including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 **on or before April 15, 2004**.

Agency Oregon University System (OUS)
Division/Program State Board of Higher Education
Concept Subject/Title Strategic Investment to Support Increased Student Access to College
Contact Person David Mc Donald Phone No. (541) 346-5729

- **BRIEF DESCRIPTION OF THIS CONCEPT:**
Investments to support expansion of services and offerings that increase capacity and educational opportunities for high school and post-secondary students. These initiatives include: 1) Increase the availability of highest demand courses; 2) Strategically expand the availability of on-line courses to meet high student demand; 3) Expand accelerated high school course opportunities to create a statewide menu; 4) Create the foundation for a statewide framework for post-secondary access for every community; and 5) Increase the retention and graduation rates of current college students.

- **PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):**
Increasing student access and successful participation in post-secondary education. Solution includes identifying current areas where student demand for courses exceeds supply and offering courses to alleviate the excess demand. Further efforts include 1) increase student access to college and the earning of credits while in high school by offering more opportunities that result in the awarding of college and high school credits simultaneously, and expanding college retention programs to serve larger numbers of students.

- **POLICY IMPLICATIONS:**

- **PARTNERS OR OTHER AGENCIES AFFECTED:**
  
<table>
<thead>
<tr>
<th>Agency:</th>
<th>Person you talked to about concept:</th>
<th>Phone:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office of Community Colleges and Workforce Development</td>
<td>Cam Preus-Braly</td>
<td>(503) 378-8648</td>
</tr>
<tr>
<td>Oregon Department of Education</td>
<td>Pat Burk</td>
<td>(503) 378-3600</td>
</tr>
</tbody>
</table>

- **KNOWN SUPPORT**
  
  OFFICE OF COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT, CAM PREUS-BRALY (503) 378-8648
  OREGON DEPARTMENT OF EDUCATION, PAT BURK (503) 378-3600

- **KNOWN OPPOSITION:**
NONE

THIS CONCEPT: (Do not skip answers. Enter none or N/A as needed.)

Revises or repeals ORS N/A

Adds new sections to ORS Chapter N/A

Check one: ☑ Major program change

☐ Minor program change

☐ Technical correction/housekeeping only

Was previously proposed in: Year N/A as Bill No. N/A

Why are you proposing it again (what changed)? N/A

Is a PLACEHOLDER? No ☐ Yes ☑ Expected date of completion: 5/1/2004

Reason not completed: Work progressing through OUS Board

Is due to legal decision: No Case cite: N/A or AGO No./date N/A (attach copy)

Raises fees or assessments? No ☑ Yes ☐ (attach Fiscal Impact Estimate)

Imposes or adds to unfunded mandate on local governments? No ☑ Yes ☐ (attach Fiscal Impact Estimate)

Has other fiscal or position impacts? No ☐ Yes ☑ (attach Fiscal Impact Estimate)

---

APPROVED FOR DRAFTING

DEPARTMENT OF ADMINISTRATIVE SERVICES     DATE     GOVERNOR’S OFFICE

DATE
LEGISLATIVE CONCEPT  Agency No./Concept No. 580/06
Date 4/13/2004

♦ Attach a Fiscal Impact Estimate.
♦ Attach draft language.
♦ Deliver original and five copies including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 on or before April 15, 2004.

Agency Oregon University System
Division/Program State Board of Higher Education
Concept Subject/Title Academic Excellence and Economic Development
Contact Person Susan Weeks Phone No. 541-346-5743

♦ BRIEF DESCRIPTION OF THIS CONCEPT:
Advance economic development initiatives and academic excellence in Oregon's public postsecondary institutions.

♦ PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):
Addition of resources needed to advance 2 to 5 initiatives for Oregon's economic development, which collectively touch every part of the state and build on academic excellence residing in Oregon's postsecondary institutions.

♦ POLICY IMPLICATIONS:
These initiatives will strengthen partnerships among postsecondary institutions, public agencies, and private business, and are intended to build on existing or emerging momentum in opportunity areas not otherwise fully addressed by other public or private entities.

♦ PARTNERS OR OTHER AGENCIES AFFECTED:
Agency: n/a Person you talked to about concept: n/a Phone: n/a

♦ KNOWN SUPPORT
UNKNOWN AT THIS TIME

♦ KNOWN OPPOSITION:
UNKNOWN AT THIS TIME

♦ THIS CONCEPT: (Do not skip answers. Enter none or N/A as needed.)
Revises or repeals ORS to be determined
Adds new sections to ORS Chapter to be determined
Check one: ☐ Major program change ☒ Minor program change ____________ ☐
Technical correction/housekeeping only
Was previously proposed in: Year n/a as Bill No. n/a
Why are you proposing it again (what changed)? n/a
Is a PLACEHOLDER? No ☐ Yes ☒ Expected date of completion: 7/1/2004
Reason not completed: work progressing through OUS Board.
Is due to legal decision: n/a Case cite: n/a or AGO No./date n/a (attach copy)
Raises fees or assessments? No ☐ Yes ☒ (attach Fiscal Impact Estimate)
Imposes or adds to unfunded mandate on local governments? No ☐ Yes ☒ (attach Fiscal Impact Estimate)
Has other fiscal or position impacts? No ☐ Yes ☒ (attach Fiscal Impact Estimate)

APPROVED FOR DRAFTING
**LEGISLATIVE CONCEPT** Agency No./Concept No. 580/07

Date 4/15/2004

1. Attach a Fiscal Impact Estimate.
2. Attach draft language.
3. Deliver *original and five copies* including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 on or before April 15, 2004.

Agency *Oregon University System*

Division/Program *State Board of Higher Education*

Concept Subject/Title *Retention of interest earned on auxiliary enterprise funds*

Contact Person Lisa Zavala Phone No. 503-373-7490

4.  

**BRIEF DESCRIPTION OF THIS CONCEPT:**

5. Allows the Oregon University System (OUS) to retain interest earned on auxiliary functions (primarily dormitory/housing) for use in support of these functions.

6.  

**PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):**

OUS student housing needs to be updated to meet student needs so that OUS can maintain occupancy rates. Currently much of the student housing on OUS campuses reflects the expectations and needs of students from a generation ago. OUS receives no state appropriation for housing; therefore, housing must support all of its needs from occupancy revenue. Housing must deposit current operating funds in accounts with the State Treasurer. Interest earned on those accounts is retained by the state. Interest earned on current operating funds could help support construction, renovation, or deferred maintenance. Housing funds deposited for other purposes, i.e., reserves and debt service, currently earn interest. See ORS 351.545 and 351.615.

7. **POLICY IMPLICATIONS:**

Would allow revenue generated from occupant payments and held for current expenses to be credited to the benefit of OUS rather than State use for non-higher education expenses.

8. **PARTNERS OR OTHER AGENCIES AFFECTED:**

Agency: [To be determined.]

Person you talked to about concept: [To be determined.]

Phone: [To be determined.]

9. **KNOWN SUPPORT**

OUS INSTITUTIONS

10. **KNOWN OPPOSITION:**

UNKNOWN AT THIS TIME.
12. This Concept: (Do not skip answers. Enter none or N/A as needed.)

Revises or repeals ORS to be determined
Adds new sections to ORS Chapter to be determined
Check one: X Major program change □ Minor program change □ Technical correction/housekeeping only
Was previously proposed in: Year n/a as Bill No.n/a
Why are you proposing it again (what changed)?
Is a placeholder? No □ Yes X
Expected date of completion: 7/1/2004
Reason not completed: work progressing through OUS Board
Is due to legal decision: Case cite: n/a or AGO No./date n/a (attach copy)
Raises fees or assessments? No X Yes □ (attach Fiscal Impact Estimate)
Imposes or adds to unfunded mandate on local governments? No X Yes □ (attach Fiscal Impact Estimate)
Has other fiscal or position impacts? No □ Yes X (attach Fiscal Impact Estimate)

APPROVED FOR DRAFTING

Department of Administrative Services Date Governor’s Office Date
LEGISLATIVE CONCEPT Agency No./Concept No. 580/08
Date 4/13/2004

Attach a Fiscal Impact Estimate.
Attach draft language.
Deliver original and five copies including draft language and attachments to the Department of Administrative Services, 155 Cottage Street NE, Salem OR 97301-3965 on or before April 15, 2004.

Agency Oregon University System
Division/Program State Board of Higher Education
Concept Subject/Title Legal Services and Legal Sufficiency Review
Contact Person Phone No.

BRIEF DESCRIPTION OF THIS CONCEPT:
To authorize the State Board of Higher Education and the institutions to employ attorneys to provide legal services as may be required in the administration of the State Board of Higher Education and OUS, and to exempt OUS, the Board and the institutions from the requirements for legal sufficiency review of contracts under ORS 291.045, ORS 291.047 and 291.049.

PURPOSE OF THIS CONCEPT (DESCRIBE PROBLEM YOU ARE TRYING TO SOLVE AND SUGGESTED SOLUTION):
Currently Department of Justice provides all legal services through Department employed or retained staff or through three Special Assistant Attorneys General employed by OUS, OSU or UO. OUS’ operational needs make it impossible for the Department of Justice to provide services in a way that meets those needs. Because of the involvement of lawyers in contracting operations and the low-risk nature of many OUS contracts, Department of Justice legal sufficiency review of OUS contracts cannot be justified on a cost-benefit basis.

POLICY IMPLICATIONS:
Allows OUS to retain lawyers other than those employed or retained by the Oregon Department of Justice and eliminates Department of Justice legal sufficiency review.

PARTNERS OR OTHER AGENCIES AFFECTED:
Agency: Person you talked to about concept: Phone:
Department of Justice

KNOWN SUPPORT
OREGON COUNCIL ON KNOWLEDGE AND ECONOMIC DEVELOPMENT

KNOWN OPPOSITION:
DEPARTMENT OF JUSTICE

THIS CONCEPT: (Do not skip answers. Enter none or N/A as needed.)
Revises or repeals ORS 351.060, 351.086, 190.430, 190.490, 291.045, 291.047, 291.049
Adds new sections to ORS Chapter n/a
Check one: ☑ Major program change ☐ Minor program change
Technical correction/housekeeping only
Was previously proposed in: Year 2003 as Bill No. SB 437
Why are you proposing it again (what changed)? Still needed, problems identified in 2003 not resolved
Is a PLACEHOLDER? No ☐ Yes ☑ Expected date of completion: 7/1/2004
Reason not completed: Changes in State Board and administration.
Is due to legal decision: no Case cite: n/a or AGO No./date n/a (attach copy)
Raises fees or assessments? No ☐ Yes ☑ (attach Fiscal Impact Estimate)
Imposes or adds to unfunded mandate on local governments? No ☐ Yes ☑ (attach Fiscal Impact Estimate)
Has other fiscal or position impacts? No ☐ Yes ☑ (attach Fiscal Impact Estimate)
Oregon State Board of Higher Education

Working Group Notes

Page

Tuition Plateau Public Discussion, April 2, 2004 155
Access/Affordability Working Group, April 2, 2004 177

May 7, 2004

Oregon State Board of Higher Education
The following Board members answered present:

Bridget Burns       Rachel Pilliod
Henry Lorenzen     Gretchen Schuette
Tim Nesbitt

System Office staff present: Chancellor Jarvis, Tom Anderes, Shirley Clark, David McDonald, and Susan Weeks.

Others: Peter Gilkey (IFS), Dan Bernstine (PSU), Philip Conn (WOU), Martha Anne Dow (OIT), Dixie Lund (EOU), John Moseley (UO), Ed Ray (OSU), John Wykoff (OSA), and Elisabeth Zinser (SOU).

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

Director Lorenzen called a public discussion of the Finance/Budget/Audit/Personnel/Real Estate Committee on the tuition plateau to order at 12:20 p.m.

NOTE: To assure accuracy of the presentations by the presidents, verbatim transcripts have been used with only minor editing.

President Lund: As you have seen in the materials, Eastern is proposing to continue with a 10 percent tuition increase as was approved last April. Our revenue projections for 2004-05 are predicated on the assumption that we would have a 4 percent enrollment increase and a 10 percent tuition increase. We are having some concerns that the 4 percent enrollment increase may be a bit exaggerated and we have been looking at what a 1 percent decrease in that would indicate, as well as what a 1 percent decrease in the tuition would indicate. We know that in both cases it’s about $100,000 each. Even with the 4 percent enrollment growth and the 10 percent tuition increase, we are still projecting a budget for 2004-05 that, at a minimum, is at a $1.4 million deficit. With new President Fatemi coming on board and some initiatives he wants to start in order to position the University for growth, we may be talking about a $1.8 million deficit. I’m prepared, and we are scheduled on Monday to meet with our budget and planning committee and on Tuesday to meet with our full campus (we call it the Assembly, which is all faculty and represented classified staff and students), to start to roll out how we’re addressing that deficit, which is, in a way, the best case scenario. Without the enrollment growth and/or without the tuition increase, we’re projecting $1 million in cuts,
most of them this time around will be in personnel and about half of that will come in instructional personnel. We've tried to protect the instructional core since 2002 when the cuts started, but we're not in a position to continue to protect the instruction at 100 percent. The balance of the deficit – we're looking at using fund balance and/or, depending on how these uncertainties roll out with Ballot Measure 30 cuts (what that really winds up being), what the PEBB increases are, if our enrollment doesn't increase, if the tuition increase is not approved, we'll have to go back to the drawing board and come up with additional cuts. I know those numbers may seem rather small in comparison to the large universities, but we all know it's relative. We're in a very difficult situation. I know someone earlier indicated we're at, I don't want to say that we're on an edge of a cliff necessarily, but it's like how much do you cut before you start losing the students; how high do you raise your tuition before students can't afford to take your courses. Sometimes it feels like we're starting on that downward spiral and it's taken a lot of communication and a lot of different minds to try and head that off.

We eliminated the plateau – we were scheduled to eliminate it in fall 2003 and then with a number of discussions last summer, agreed to postpone that elimination until winter 2004. We did see a slight downturn in residential students who were affected by the elimination of the plateau and I'm distinguishing them from our distance students who were already paying on a per credit hour basis. The plateau did not affect the students who were taking courses on a per credit hour anyway, but we did see a slight downturn in headcount and a little bit larger downturn in FTE, which would be expected if students were taking fewer credits than what they were used to. Interestingly, winter 2004 compared to winter 2003 is up in headcount and up in FTE so there may be sort of a leveling effect that is taking place. I think it was Ed who indicated that students start looking into their own crystal ball and realize, "I will either pay now or I'll pay a little bit more later so I would rather do it now and try to get finished.” Our average load with the residential program is in the 13-14 credit hour range and so the additional increase was there, since the plateau was eliminated at 12 credits, but the overall dollar amount was not huge when you compare it with the average load.

**Director Lorenzen**: I notice that in looking at the comparison of the tuition among the various institutions, both in Oregon and among the peer group, that Eastern appears to be high in that group. Is there a particular reason that drives the cost up for Eastern as compared to other smaller universities in Oregon?"

**President Lund**: For one thing and I think this goes on at most universities, we are questioning somewhat our peer group. We're actually looking at some other measurements of peers while we're in our union negotiations. We're looking at faculty salaries and so that isn't answering the question but then it's difficult to compare in the peer area. The other thing is that, in the past, there had been, when we went to the Resource Allocation Model, a type of subsidy for the smaller schools. At schools whose enrollments were less that 7,500, the subsidy helped cover some of the foundational infrastructure costs that were recognized as not being covered by tuition and fees. However, that small school subsidy money has dwindled dramatically.
Provost Moseley (for the UO): Our tuition proposal has not changed from that which we discussed with the Board and projected in 2003. We have decided to maintain that request in spite of the fact that we are facing $5-6 million more in state General Fund cuts than were planned when we had estimated that tuition increase for that year. That’s due, of course, to the Measure 30 cuts, exact amounts to be allocated to us are, as yet, unknown. What I refer to as the tuition tax, which is the payback that is required due to House Bill 2148 which supposedly is related to PERS reforms. This return of tuition and revenue, while required statutorily, is, I believe, an unfair tax on our students and also does not recognize that, in fact, our PERS retirement costs are increasing, not decreasing. All that aside, we are maintaining the same request of basically a 12 percent tuition increase on resident undergraduates and graduates, and a 3.5 percent on nonresident undergraduates and graduates. In terms of dollars, that amounts, for the undergraduates, to an $11 increase per credit hour, which for a typical student translates into about $143 per term and for a nonresident, $14 a credit hour, translating into about $182 per term.

With these tuition increases, given the additional budget cuts, we are going to have a very serious challenge ahead of us in order to be able to balance over the biennium. As we are looking at our current projected budget situation, and it also has to take into account the fact that our nonresident enrollment has not grown at the level we were projecting and had hoped to do at that time, I think for a variety of reasons. One is our relatively high nonresident tuition; the other reason being the fairly high level of negativity in the press around higher education in Oregon, which may discourage some nonresident students from coming. So an issue that we have to deal with is course availability and I’ll come back to that in just a minute. We had no specific number for increasing the amount we were going to charge on the plateau in the discussion in April 2003. However, what we did tell the Board at that time was that it was our intention, over time, to go to a straight per credit hour (i.e., no plateau kind of tuition situation) but that we might continue on the plateau or on some credits between 12 and 16 to offer a discount to provide an incentive for students to take those courses. As you may know, a couple of years ago, the UO was approved to put in a pilot program on modification of plateau, which allowed us to reduce the plateau from 12 to 18, down to 13-16 credit hours. This has been in place – this is the third year. It’s based on those data that I reported earlier. We’re not seeing a decrease in carrying load because of that or because of the $20 a credit we now charge on the plateau. Also, in conjunction with that, we put in a discount for late afternoon/early morning courses, which as been very successful. Over a third of our students in any given term are able to take advantage of that. The actual tuition numbers aggregated average that you see for UO really should be reduced by about 5 percent because they don’t take into account that discount in any way. That’s just for your information. Actually, we are collecting on average per student about 5 percent less than that because of the 15 percent discount early and late.

You also saw data earlier today that showed that since 1999, our overall available dollars for teaching students in the system has been pretty much constant at $10,000 per student. At UO, that’s actually gone down by about 8 percent over that period of time in dollars per student. So, we actually have fewer dollars per student right now than
we had in 1999 and, therefore, course availability is a serious issue. I was asked and I responded earlier about how we were attempting to manage that so I’ve already sort of responded to that but we have moved more courses into the afternoon and that allowed us to use more large classrooms so class size has increased, student/faculty ratios have increased, that is that we have fewer faculty teaching the same amount of students but our commitment to our students was to do everything in our power to keep course availability there. We committed to use the $20 a term that we’re charging on the plateau now entirely toward course availability and we made that same commitment with the additional $20 per term we’ll be adding onto the plateau. We will put that money directly toward course availability. Whether or not we will be able to continue to succeed in providing adequate course availability, given the financial pressures we’re on, really remains to be seen. You will recall from President Frohnmayer’s presentation at the University of Oregon, that in 2001, the University of Oregon, relative to its peer institutions, had about 65 percent of the amount of money those peers have to teach students. Yet we believe we can pretty much document that we are providing an education that is equal in quality to those peers, all of which are members of the Association of American Universities. We are now below 60 percent and we are not in a sustainable situation at the University of Oregon. With this tuition increase, we will get through next year but we will get through next year doing some one time delays of hires, putting off purchases, delaying other expenditures that will leave us with a structural deficit in our situation going into the next biennium. So, with this tuition increase, we are not putting ourselves in a sustainable operating situation. We’re patching it up to get through next year. I wanted to be clear about that.

I would like to say a little bit about the philosophy of the plateau and how we look at it at the University of Oregon. One reason we looked at modifying the plateau in the first place was as tuition was rising as a proportion of the total cost of education. There is, of course, the cost of education and the price of education; the price being the tuition – the price is going up, the cost or expenditure is not going up. On our campus it’s actually going down. What that does, by maintaining a plateau, you put an ever-increasing burden on the student who can only take or wants to take 12 credit hours or fewer. Now, there is the other side of that coin, which is providing the incentive for the students who can to take the four courses, the 15-16 credit hours, so that they can graduate. The real question is: how do you balance those competing problems? It is, on the one hand, in our view, clearly an inequity to require students who cannot take, for whatever reason – maybe because they’re working, maybe because they’re part-time students by choice – can’t take advantage of the plateau to pay for those who can. That’s literally what you are doing. Those courses cost just the same to mount those credit hours as the ones below the plateau. There is no difference there.

On the other hand, our faculty feel strongly that we want our students to be able to experiment and take courses that are maybe outside their major and we all want students to be able to take the 16 credits that they need to make progress toward graduation. But, in the spirit of Director Burns’ comment, what we’re really looking at is not whether we can offer these courses for free – we can’t. Somebody’s going to pay. It’s just who pays and we believe that the equity issue is, particularly when tuition is now
well more than half of the total cost of providing that course, the equity issue is that the person who is getting the advantage of the course, taking the course, should pay.

We also saw exactly the effect that other people have referred to and that is the high drop rate for students who would sign up for 18 or sometimes even 20 credit hours – they were paying for the last two – and then would drop back down at little or no cost to them but leaving us with open seats in the classroom. We believe that in the long run, and part of this is something that’s going to take some time because we have students on our campuses right now who are familiar with, comfortable with, and used to some kind of plateau, but we believe in the long run we’ll incent better behavior from students in terms of taking 16 credit hours by providing discounts from a straight per credit hour rather than an apparent “freebie” on a plateau. That’s really more a psychological issue than a real issue. Maybe the same dollars are being applied. Suppose we had at the University of Oregon a straight per-credit-hour system. Right now, we really think we do. That’s the way we look at it on campus, it’s not really being presented that way, but that is the way we look at it. Right now, if we have that and then say, if you take a course at 8 or 8:30 in the morning, because we really want to fill those courses up, or after 3 in the afternoon, we’ll give you a 15 percent discount. We might also say, if you take a 13th, 14th, 15th, or 16th credit hour, we’ll give you a 50 percent discount. You still have a little bit of the equity issue. But what you’ve done is balanced out the equity issue vs. providing the incentive to the student to take the 16 credit hours. That’s where we would really want to go. Our proposal is not to go there. Our proposal is simply to add another $20 per credit. But if you ask me what I would like to bring to you for the next biennium for the University of Oregon it would be, first, I’ll bring you a report on how our discount system has worked in the off hours, as Neil put it, off peak, and what I would like to do is bring a proposal to you that would say that we are going to offer discounts to try and incent the behavior that More, Better, Faster is trying to accomplish.

Director Lorenzen: Inherent in this discussion, underlying in any event, is a decision on what we are attempting to accomplish with the plateau and that is, are we trying to encourage people to take that extra class that they otherwise might not want to take and there may be other reasons from the student’s perspective about which I’m not sensitive. One thing that you might think about and maybe comment upon would be what I see as a potential shortcoming of the plateau as it may now be applied and that is that it provides an incentive to sign up for more classes than what you’re going to take and then drop them. Instead of eliminating the plateau or maybe the step that you’ve taken where you do have some incremental costs when you go onto that plateau, it also imposes a penalty for dropping classes if you happen to be taking more classes at the plateau level or above. I don’t know whether that is anything that is worth consideration, as well.

Provost Moseley: I am generally a proponent of trying to provide incentives rather penalties or disincentives. I also think it’s really just a matter of time as new students come into the system and become accustomed to the new system. The fact is that Oregon is very much the outlier nationally in having a plateau at all. Most states have long gone away from it because of the very issues we’re talking about.
Director Lorenzen: One other question, then I will open it up for others that want to comment at this particular point. Is there a desire on the part of the schools – is it beneficial for students to take up to say 16 hours than above that level where it becomes harmful to the student or the university if they take 18, or 20, or 21 hours?

Provost Moseley responded that he thought that really depends on the student’s situation. There are plenty of students who can perfectly well take 18, or 20, or 21 credits, graduate even sooner. There are other students, because they are having to work or because they’re not as well prepared when they come into the university, that need to take a lower amount. “We have some freshmen who really need to take just 12 credit hours for a term or two because they are coming into this without the kind of preparation or study habits and then once they do that, they can ramp up. It’s really highly variable so I think a uniform policy on this is probably not a good idea. I think, on the average, we want our students to take 15 or 16 credit hours a term. That will get them through in four years without taking excess courses. What we have now is a limited availability of courses so we need to use them to the maximum possible so I would not discourage students from taking more but I would think about some kind of additional charge once a student went above the number of credit hours needed to graduate plus some relatively small increment so that students aren’t able to hang around and take 220 credit hours when they really need 180 and still take advantage of the state subsidy. We’ve had some internal conversations about that. Haven’t really done anything about it.

President Zinser: You might add on that particular point that we’re having the same conversation but keeping in mind that this conversation is focused on the full-time student. We have an accelerated baccalaureate program where the students routinely take 18 or more credits and they’re prepared to so and that’s the idea and they get out of school in three years. They have paid less overall because they have gotten out of school in three years taking that larger number of credits. So, that’s a particular niche. We, too, are talking about the idea that, if you take something beyond the number of credits required plus some, then perhaps you ought to pay more and particularly if you are going to do a double major. We charge more to graduate students because they are getting an added value. We wouldn’t suggest charging the same that we would to a graduate student for a double major but there is an added value to it. Those are discussions going on that to us make some sense in terms of More, Better, Faster.

President Conn: There is an interesting historical fact in that regard. It was my understanding that at one time you did not pay for anything above 12 hours. In other words, you hit the plateau and that was it. Then the plateau was brought down from the top to 18, in effect declaring that if you went over 18, you should start paying for it. To me, there are several things learned there. Students don’t even question the fact that it is legitimate to for taking hours 19, 20, and above. But at some point there was a decision made that only a six-hour plateau should be in place. Now for most of us, it’s three, of course.
Director Pilliod returned to another point: “Is there not already a penalty [for dropping classes], I believe at the UO it’s 15 percent for the first two weeks and then it increases if you drop a class past - it’s 15 percent of the charge of the class. Do other universities have the same policy and when is that set? I know they don’t necessarily come before the Board because you do them independently on your campuses but how can we get copies of those?

Director Burns: responded that it’s about $10 to $15 at OSU. “Then you also lose whatever tuition you paid, a certain percentage by the amount of time that has passed when you drop it, but if you drop after the first week, you immediately incur a $10 to $20 penalty.

Provost White added that if you have an empty seat, that really drives up the cost for the entire enterprise. It’s hard to tell you what that dollar amount is, but it raises the overall tuition rates the next time around. Managing our seat space, studio space, and lab space is really very critical and, like Provost Moseley, I think incenting is better than penalizing, because penalties hurt students who may be struggling academically and therefore don’t drop and then they get in trouble academically and you know the whole cycle goes down.

At UO, Provost Moseley added, “we have a schedule of penalties for refunds that start at 85 percent and go down to 50 percent. But if you have a plateau, there is nothing to be refunded and so it’s not really an issue so it doesn’t work as a penalty if you have a plateau.

President Conn added, To show you how extreme this is, we’ve worked with advisors just in this past year because we found that some advisors were actually advising students, “Doesn’t cost you anything, register for 18-20 hours, go to the first session, see how it feels, and drop it.” Indeed, we need to put some kind of disincentive if we were to continue a plateau because that does mess up the system and it’s just been a mode of operation for years to kind of check out and there is nothing lost if you drop back to 15 hours or 12.

John Wykoff, executive director of the Oregon Student Association indicated there were a couple of things he wanted to add. I think, first, addressing what Provost Moseley was saying, one of the difficulties we’re dealing with and have been is the idea that there should be a uniform policy because we’ve had a uniform policy and one of the things that our board has struggled with, because we look at these issues as a single board, is how to approach this. What we are becoming pretty open to is the idea that it’s not going to be a one size fits all. There is no way to do that. I think what is driving the changes to the plateau are different on different campuses. I think PSU has a different reason for removing the plateau or adjusting the plateau than an institution that is doing it for more financial reasons. If your average credit load is 10 or 14, you’re going to have different reasons for wanting to change this and probably different solutions for that. That’s where you get to the issue of philosophy. In some ways, the driving philosophy here is, you don’t have money and in some cases the driving philosophy is you have a
large part-time student body for which this might not be as relevant as a policy tool. One of the issues that we can’t ignore is that the effect of the removal is a very large cost increase. I very much appreciate those who are saying they would prefer an incentive to a penalty. I think the students generally appreciate that.

But, I think we can learn from some of the more creative approaches that have been tried that aren’t simply a flat out removal because to me, and this isn’t to criticize the folks that have had to do that, because I understand why you wanted to do that, but the flat out removal of the plateau to me is a reaction to a bad financial situation. I’m not sure that it even gets to the goals that you are trying to reach. I think the University of Oregon probably deserves some credit there because the policy has been very deliberate over time with some pretty specific goals in mind. I think what we can look at over time, as we have this discussion over the next months, are ways of approaching this that take into account things like what is the average credit load of a school and is there some way to create some kind of plateau system taking that into consideration. I think that we accept that there will not be 12-18 plateau. That is not the world we live in. We still have to have some kind of incentive for students to get out faster to meet the charge that this Board has been given. Some kind of incentive that says if you take a full load and get out faster, you’re not simply going to have to pay more. I’ve heard a lot of things said and I think we haven’t had enough time to see the effects of this but I can’t help but believe that making students pay significantly more to take more classes at some point is going to become a disincentive to do so. I guess I would just urge that as we move forward we consider trying to look at a modified version of this that takes into consideration the needs of each campus and one of the things I think we probably look at is the average course load of a campus.

Director Burns: I’d like from staff or folks from our campuses some data indexed by the income quartile about how this is affecting people. I have a suspicion that low-income students are not taking larger course loads because their financial aid packages are not responsive on the whole. All that is happening right now is that they are getting less of a refund check to make up for their living expenses as a result of it if they take 15 or more. But, I also think that the pattern we’re seeing right now from the first term is not something we’re going to see over time. I think long term we’re going to see the impact that people are going to take fewer courses per term and that’s why I think – this is what I want to hear from the presidents. If you had the amount of money that you have right now, that you are collecting from tuition, if you could have that amount, we weren’t going to take any of your money away and you had to design a program that would decrease the impact on low income students and would make the best tuition increase possible that wouldn’t have to disproportionately affect certain people, I want to know what kind of increase that would be. Because to me, I think if we hear from Scott [Pugrud] that it takes 15 credits a term for three terms for four years for someone to graduate, and then we set the tuition plateau at 12 credits, then we’re de facto sending the message that you should take 12 credits or less because that’s a full-time student, which means we are asking students to stay in longer. Now whether or not we see that right now, I think that perhaps adjusting the plateau so that it starts at 15 credits would be perhaps a much better solution than what we have right now. I want to know
from the presidents if you could design a tuition increase and we weren’t going to take any of your money away, what would it be.

Provost Moseley: I've actually described what I would do, which is I would have a straight per credit and then I would give incentives. You may be right. It may be best to start the incentives at the 16th credit hour. If you have that flexibility, you can play with it a little bit. So, I would ask for a straight per-credit-hour “rack” rate, so to speak, and then just like the airlines or the hotels, give discounts to try to incent the kind of behavior that I think we all want to incent. So, that’s what I would do. With regard to the issue of financial aid, since I understood you had to leave soon, at the University of Oregon, financial aid for students, which is always figured before they register so we don’t know how many credits they’re going to register for, is figured on 14 credits, which is roughly our average carrying load. Not on 12. There is no requirement to figure it on 12 and if the student takes more than 14 credit hours, they can apply to the financial aid office for additional financial aid and so it’s not really that they can’t get the financial aid if we charge it this way.

President Ray: Mr. Chairman, just on this same point, my understanding is that, and I’ve mentioned this to Bridget, and Kay Peterson from Financial Aid is here, we calculate the student’s financial aid eligibility on 15 credit hours and then, after they’re registered, it goes up or down based on what they ultimately take and my understanding is that the OUS institutions all use something like 14 or 15 as the placeholder before they figure out if the student is above or below that but adjust it to the number of credit hours the students take. That’s just a small point, but it’s an important point in this whole picture.

Director Burns: But my only thing is that the federal financial aid package, usually the Pell grant, for instance, or whatever the amount of grants they’re getting from the federal government, that amount is dependent on 12 credits. What we do at the institution is different. So, what I would say, perhaps at OSU or other institutions, what’s happening is that there is going to be more extra loan money given to make up for that 14 credit to 12 credit difference. I’m just saying that, in the long term, I don’t think it’s in the best interests of low-income students to have it at 12 credits.

Director Lorenzen asked Director Burns if this is simply a trigger for eligibility that you have to enroll in at least 12 hours? She responded in the affirmative.

President Conn: It is 12 now because that is the plateau but, ordinarily at our school, it’s based on what the cost of tuition is after it’s settled out. If tuition goes up, then the value of your package goes up.

Director Burns: The federal definition of a full-time student is 12 credits. When the federal government decides how much your need is, they look at 12 credits as being your need because that’s a full-time student.
President Conn: But that is because now from 12 to 18 it is the same price. If indeed it cost more to take 15, then that will be adjusted in terms of Pell eligibility.

Kate Peterson, OSU Financial Aid Director, explained that Director Burns was right, because the Pell Grant is only a flat amount no matter where you go to school across the nation, so the maximum Pell Grant for a full-time student is $4,050 and it doesn’t matter what the cost is to that student at that institution. It’s still $4,050. So, as the cost goes up, it’s the institution that tries to fill that additional need. But the cost is adjusted based on actual enrollment patterns at the individual institutions and after studying that, the OUS schools found that students, whether they were receiving financial aid or not, their average enrollment was between 14 and 15 credits and that’s what is being used to create student budgets.

Director Lorenzen: One of the things here that I hope the people would comment on, and you brought this up as well, is the desirability of having a uniform plateau among the various universities or whether it’s appropriate to tailor that plateau to the needs of each individual university. I think you made a very telling point. It’s important to have the flexibility to tailor it to the individual university’s needs. I think President Goldschmidt was also expressing some concern whether or not that should be the case and so, as a result, I would appreciate the next president – President Ray.

President Ray: Thank you, Mr. Chairman, I shared two documents with you. One is three or four pages that provides the rhetoric surrounding the whole issue of the tuition increases we propose and the other is two-pages that we have distributed throughout the campus community and we’ll use as a basis for beginning a dialogue about what we should do about plateau increases and so forth. Then I’ll come back to the Board with specific recommendations.

One thing I’d like to say up front, because Board member Nesbitt had asked about it, is we started at last year when the budget submissions were made saying we would go with a maximum of 5 percent increase for resident, nonresident, undergraduate, 5 percent for professional graduate students and the $25 increase in the plateau range charge. We’ve come back and said we want to do up to 5 percent, this is a preliminary estimate, up to the 5 percent for in-state or resident undergraduate students. No increases for any other group. It’s all about markets. It’s all about where the competition is. Our out-of-state students pay three times what the in-state students pay. They carry more of the freight than a typical in-state student with state subsidy carries in terms of covering the costs of operation. We’re at risk of pricing ourselves out of the out-of-state market. So, the reason we’re not proposing out-of-state undergraduate tuition increases is because the differential is there already and the out-of-state tuition rate we charge relative to other institutions in other states and so forth is getting us to the point that we are risking running ourselves out of the market. How we got there I don’t know but it does seem sensible to me not to price yourself out of a market. As an economist, I find that a pretty compelling basis for deciding not to raise your price.
Director Lorenzen: I noticed on the chart that with resident graduates there is no change in the plateau. Is there a plateau with regard to nonresident students?

President Ray: We’re not making any changes for the out of state because if they’re in plateau or out of plateau, we’ve now priced ourselves so high that it doesn’t make sense to do additional increases.

Director Lorenzen: But there is a plateau on out-of-state students?

President Ray: If we’re not going to do that increase on that cap range, yes. There’s going to be a differential in the cap area as well.

If I could just go through this quickly because intuition can sometimes get you into trouble. What seems apparent sometimes isn’t on deeper inspection and one example is this business of why haven’t students adjusted their credit hours as a result of paying a higher price on these formally plateau range credit hours. I think an important part of it and unless states start getting more involved in supporting higher education, unless places like Oregon are successful in getting reinvestment in higher education, guess what? Tuition is going to keep going up. So, there are lots of effects. If you have to pay for extra credit hours over 12, that’s a disincentive for taking them. Is that a bigger disincentive than the absolute certainty that tuition is going to be higher next year than it is this year and if you take longer to get out, your indebtedness is likely to be even greater because everything is accelerating in terms of cost if you do it later than if you do it sooner? I think students are making complex calculations about what happens if they stick to 12 now and take more later, what are the net costs and advantages and disadvantages. One of the things we never talk about when we talk about the cost of education to students is the opportunity costs of their time. All the time they’re spending in school, they are not out there making a living and earning money. So the student who decides because of $25 per credit hour, in this range, “I’m going to take an extra year off,” needs to sit down and do the math. The math will suggest that it is not in your interest to take another year to get done because of all the foregone income that you’re going to experience because of that.

What I would like to do is take you quickly through our numbers because it’s one example of the kinds of things we’re all wrestling with. I appreciated Governor Goldschmidt’s observation—none of us got into this business to price anybody out of anything. We all care passionately about education and we want to do everything we can to help our students succeed and to minimize the burdens that they enter their work life with. But we’re presented with unhappy choices and we have to think about what are the tradeoffs of doing A vs. doing B. Do we help our students more? Do we hurt them more if we take one position vs. another and I wouldn’t pretend to know the answers. That’s why we’re going to have this dialogue on our campus because I really need to hear all the different perspectives that I know are out there.

But, if you look at the tuition increase that we have proposed – the 5 percent – and then you look at the increase from $25 to $50 on the plateau range credit hours, that
generates $4.3 million. Our estimate is the PEBB cost of health benefits is going to be an additional $1.5 million to us. We don't know what the PERS costs are going to be. Measure 30 is going to cost us $2.1 million. We'll get some relief from that depending on what the Board is able to do with the redirecting of costs within OUS and so that may moderate some. We've got this, and John alluded to it, House Bill 2148. This is perceived PERS savings that we're going to realize. We have to take $2 million in tuition dollars and give them to the state and this is supposedly compensating the state for money we would have paid for PERS that we're not going to have to pay given the reorganization of that effort. So, just one example of some of the budget magic as far as I can tell that occurred during the last session. I talked to the Board at the last meeting about our intention to be strategic about investing in programs and initiatives in the five thematic areas we've identified to try and move the institution forward. That's the other $2 million. So, that means going back and looking at ways to cut administrative costs, to use fund balances. Our last recourse will be to cut course offerings or student services, but I can't promise you that I can save $3.5 million and still be able to make the same course offerings and still have the kind of services we have for students now if we have to forego that. Just as a side note, let me note that our calculation on the average cost of a course, indirect and direct, is just under $9,000 per course. If you look below that, we have our tuition figures if we do the 5 percent. You can see we're sort of bracketed by UO and PSU. We're all about the same for a 15 credit hour student.

But, we don't have the luxury of saying, “if we could choose how we wanted to take our money, how would we take it.” If we’re stuck with the budget note, I can’t go above 5 percent in terms of my in-state undergraduate resident tuition. When I look at what are the consequences, for example, if I were to reduce the $25 or decide not to go with the $25 increase in the cost within the plateau range, that’s another $2.3 million problem I have. If I were, and students have asked me about this, if I were to do away with everything that has been charged on the plateau, including the increases that went into effect this year, I have a $5.5 million additional problem on top of the $3.3 million problem that I had before.

Now, here’s where we get into the issue about how far does intuition get you. Intuition tells you, and we all understand this, if there is a per-credit-hour charge, the intuition there is you ought to pay for what you get. If you get 15 of something, it ought to cost you more than 12. That’s true whether you’re talking about any purchase that you make in the market or credit hours, because 15 credit hours cost more to provide than 12 credit hours. That’s one kind of intuition. Another element in tuition is, we don’t know why, historically, plateaus were created. Clearly, the economic incentive is if it costs nothing to go from 12 to 15 and there are opportunity costs to your time in terms of foregone earning, if it takes longer to get your education, there clearly is an incentive for people to take more credit hours and get done. If you don’t have the option of changing tuition and doing a greater tuition increase so that in fact it’s cost neutral, and for us that would require a 10.9 percent tuition increase, not a 5 percent increase as was indicated in the presentation earlier today. If we can’t do the 10.9 percent, then I have this additional either $2.3 or $5.5 million problem I’ve got to solve. I’m going to try to do as much of it as I can out of administrative functions and costs, minimize the impact on
courses and services for students. I have no reason to believe that we can come up with that kind of money without having adverse effects on course availability and service availability. The question is, “What good does it do if you have an incentive to take three more credit hours and I don’t have the money to hire anybody to teach them?” That’s a different level of intuition that, in fact, it’s not just what happens on the demand side if you make it less expensive, but how do you get in it on the supply side if you haven’t found some alternative way to cover those costs. We have a number of questions that we’ve put down below and that will hopefully frame our debate.

You asked about the idea of philosophy. I think we’re all in different situations. I really appreciated the comment about one size doesn’t fit all. I think the issues are the same for all of us but they take on different significance. I think if you’re at Portland State and 60 or 70 percent of your students are part-time students, if you have the plateau, you have 60 or 70 percent of your students subsidizing the per credit hour expense of those who are able to take a full credit load. If you’re a place like Oregon or Oregon State, where 85 percent of our students are full-time students, then it’s a different story. But it’s always important to remember if we’re talking cost neutral, for us it’s not 5 percent without the plateau. For us to be cost neutral, it’s 10.9 percent on everybody’s tuition bill and not to have to have these plateau increases. Those are not happy choices, but that’s where we are financially unless some angel steps in and gives us money we don’t have and we don’t see that on the horizon.

Director Lorenzen: Thank you. MardiLyn Saathoff, maybe you can help because I simply don’t know. The Budget Note, does it limit the percentage increase on the per credit hour tuition or is it a limitation on total dollar amounts that can be charged for tuition?

Ms. MardiLyn Saathoff: I missed Steve’s (Bender) presentation on this, unfortunately. I was just reviewing the Budget Notes while you were talking, President Ray. It looks to me like it limits it as a percentage. I heard 5 percent. Obviously, there’s an adjustment because 5 percent isn’t exactly mentioned in the Budget Note but it’s based on an adjustment.

Director Lorenzen: It’s interesting. How do you calculate the 5 percent?

Provost Moseley: Steve said this morning that, because of the failure of Measure 30, that Budget Note no longer applies.

Director Lorenzen: In theory, but then we heard a few comments at the confirmation hearings with regard to tuition.

Ms. MardiLyn Saathoff: Yes, you should not assume. I would suggest that you operate from the principle that it applies and work back from there, which may mean some ground work needs to be done with some legislators but I would never start with the premise that a budget note does not apply. You just get into trouble that way.
John Wykoff: The kind of trouble we spent most of last session in. If I could just make one point, I first want to assure President Ray that we don’t question your motives and we don’t think you’re doing this because you’re mean. I do want to come back to one point because I think it’s important that I do think students make complex decisions when they have the luxury to do so. Because it is not a particularly complex decision to buy $500 worth of textbooks at 5 percent interest on a credit card you just got. Most students understand the repercussions of that later on down the road. They do it because they have no choice, because it’s the only way you can pay for that. The only point I would make is that you make those long term decisions about what kind of debt load you’re going to have later when you have the luxury to do so but when you don’t, you simply can’t. I would argue that the rising debt load that students are taking shows that they often just don’t have the ability to make those kinds of decisions. You often make very short-term decisions that in the long term are horrible decisions because you have to.

President Ray: I do think students are calculating that things are going to get worse from an expense standpoint and part of why we are seeing this resilience in terms of still taking as many credit hours is it’s not a tough calculation to figure. I’m either going to figure out how I’m going to pay the extra money now or how I am going to have to deal with even more extra money that I am going to have to pay next year. They’re trying to figure out how to not slow down.

John Wykoff: I understand that, but I want to point out that the debt load has gone resiliently up.

Director Nesbitt: Can I just follow up, President Ray, on the whole balance between resident and nonresident tuition? I don’t have any sense of the magnitude. In other words, if you equalize the increase in both groups, how much would the 5 percent come down to the residents? I don’t know if you can give me a sense of magnitude. I do appreciate your point about the marketing aspect.

President Ray: I don’t have the numbers. My sense is the out-of-state students are probably on the order of 13 percent of our undergraduates. They are paying three times as much. It might make a half or a percent difference to get the same amount of money but I think the question is will they come and that gets into are we pricing ourselves out of the market. Our admissions people say we need to not do anything for a while because we’re having a hard time holding the numbers of out-of-state students we’ve been able to get historically.

President Conn: President Ray mentions three times, it’s actually closer to four times for most of us. In some states, peg it to double because they think it is good to have people from other states come into the state. We are struggling at Western Oregon to have enough out-of-state students to make for interesting classroom discussions. So, we’re about as far as we need to go probably.
President Dow: All of the philosophies I’ve heard are mine as well so I won’t go back through the philosophies so I will hit right at where OIT is in terms of suggesting our two-year plan for tuition and fees. Initially, last April we submitted a two-year plan and that plan actually included the fact that we would do a 9 percent rate increase and complete the elimination of the plateau for 2004-05. Instead, we are now proposing a 3 percent rate increase overall and elimination of the plateau. In terms of our revenue situation, we find that additional revenue we projected to be for the next biennium at $2.8 million. We have found that the new revenue projections based on actual carrying loads of students in winter and spring would indicate we would generate $2.4 million with only a 3 percent rate increase instead of a 9. But, we’re also, and I don’t think this has been brought up, looking at two resource fees that we feel would be very necessary for OIT to meet the quality standards, particularly in the equipment for the professional disciplines such as engineering, technology, and health.

As we reduce the plateau from this winter to next fall from 18 to 15 credits, so far we have found at OIT that the carrying load impact at this time is minimal. We are predicting that the elimination of our plateau will not have very much effect on the overall carrying load and probably this is the reason why: our students have a very rigorous standardized program in all of our disciplines. They would actually have to carry the 15 credits to graduate. We also, though, have the enigma that the majority or maybe as much as 80 percent of our students are working at the same time. We do know that our part-time student population is still 59 percent of our enrollment. Therefore, we feel there is an inequity on our campus because the part-time students are actually subsidizing the percent of students that are full-time. This is the profile of OIT. We want to ensure that all of our students pay the same per credit hour and that our part-time students no longer subsidize the full-time students. The students will still have maximum flexibility to choose the level of their course loads without penalty and we also think that we will find, in time, ways to have incentives for our students in our own programs.

One major issue for us is being able to have what we used to call “repeatable sections.” So, for example, a student in an engineering program takes a sequence of classes. If he or she gets out of sequence, either due to grades or to inability to schedule, then indeed that student sits out for a considerable period of time, which prolongs time to graduation. We need the resources to be able to implement subsequent sections so that these students can continue on in a timely way. That takes resources and so one of our biggest concerns in time to graduation is providing those sections in a flexible way that students can schedule and proceed.

Another major issue for us in time to graduation we don’t feel is going to be the cost to these students but it’s going to be their preparedness in coming into OIT in math. And we’ve proposed various incentives where maybe we do things like: it won’t cost you a thing if you can pass Math 111 prior to a certain date. So, some creative ways to keep our students in sync, in sequence, in order to achieve success. We know also that if there is a decision that we cannot eliminate the plateau or at least have a pretty good rationale to change it, we will need to move our rate increase back up to 15 percent.
Director Lorenzen: I think what I'm hearing loud and clear is the desire to have the flexibility on a campus-by-campus basis. If that is not the case, please let me know.

President Bernstine: Our incentive in eliminating the plateau was not purely financial. But, of course, as the other schools have mentioned, if we aren't able to complete our plans to eliminate the plateau and it’s an agreement we reached with our students last year. In fact, we signed an agreement with our student leadership indicating their concurrence in phasing in the elimination of the plateau over a two-year period. This year would be the second stage of that process. It would cost us about $2 million so it does have some financial implications because we have been planning to eliminate the plateau and have been budgeting accordingly. At the same time, we have also tried to keep tuition low and so, while the plateau will be eliminated, there won’t be any tuition increases. When you look at the overall cost of taking 15 credits at PSU, it’s certainly a significant increase – 25 percent. We fall right between OSU and UO in terms of our overall cost for a full term. Like Martha Anne, the current budget model is unfair to part-time students. About 63 percent of our current undergraduate students take less than 12 credits and 64 percent of our graduate students take less than 9 credits, which is the plateau on the graduate side. Under this model, a part-time student pays an average of $90 a credit, and may subsidize other students who pay an average of $72 a credit. Part of what we are trying to do is take care of the inequity between the part-time students and the full-time students. We also found that about 25 percent of students take courses in the plateau and then drop back.

The other part of the rationale for eliminating the plateau goes back to what I was talking about during my presentation. The plateau severely inhibits our ability to partner with the community colleges. I talked about our consortium of community colleges in the metropolitan region and if we have a plateau, it’s almost a complete obstacle to doing a lot of the partnership kinds of activities, the degree completion programs that I tried to outline today. We’re really trying not only to be more equitable in terms of part-time and full-time students but we’re also trying to reposition ourselves so that we can actually be more consistent with the More, Better, Faster in partnership with the community colleges.

President Zinser: The plateau change for Southern is very similar in its philosophy to what we’ve heard here and, although many may view SOU as largely residential, which it is and we’re proud of that on the Ashland campus, our greatest growth is in part-time students in the Medford area and in the valley and that’s very important to our development, not only in terms of our intentional relationship with RCC but the other community colleges, and our work in northern California with four community colleges. So, very similar even though the numbers are a bit different with about 34 percent of our students in that part-time category but it is very significant in our development strategically. The only modification we’ve made to date, based on discussions we’ve had on our campus over the last few weeks, has been to modify downward the amount per credit for the graduate student, both resident and nonresident. Just in a nutshell, that was a basis of understanding the cohorts in our master’s programs, and how they
work, and what the numbers of credits the students are taking, and their financial circumstances. So, in working through that with them and ensuring that the students, particularly that are already in our programs, this would be a better plan. It has not changed for the undergraduate, although we have looked at various models in our modified plateau. The students, just as we, are not pleased with some of the realities of the increases we need to put in. They are understanding, as they’ve gotten into it, the rationale of doing so. Were we not to put in the plateau change as projected in our modified approach following the structure that the OSU and UO have done, which we like, we would lose about $700,000 and that would translate for us to needing to change the basic tuition increase from 12 percent to 16 percent for the resident undergraduate and from 8 percent to 12 percent for the nonresident. So, we would have to go up about 4 percent for each of those categories to compensate for the loss that would be associated with that.

Director Nesbitt and others have asked about the resident and nonresident situation. When we look over the last couple of years, SOU has tried to be a bit gradual in the way in which we have increased our tuition. We have not been growing real rapidly in enrollments in the last four or five years, as some of the other schools have. We have now leveled off and are beginning to show a little bit of an increase, so it’s getting better, but we’ve been a little more cautious. We’re now doing a little catch up. Over the last two years, we had a 3 percent increase for the resident students and an 8 percent increase for the nonresident students, so if you combine the two years, they are essentially the same. One was the resident students had been increased 15 percent over the last two years and the nonresident 16 percent over the last two years.

I would like to point out that as all of us are seeing these increases, we’re trying to do what we can with affordability pools and increases in financial aid to help compensate for the increases in tuition and fees. I thought it might be helpful that as you’re looking at these, to also look at the growth in the last few years in our efforts to provide both fee remissions as well as some private scholarship support. Students are incurring larger debt, as the discussion preceded a little earlier indicated, but I think all of us are trying to get to the students some genuine grants and aid that would not carry a debt load. You can see for SOU a significant increase in this regard, though I hasten to say we are not exceeding the 8 percent fee remission level that has been placed by the Budget Note. But, we have increased that in the last three years along with the private support.

We’ve had a decline in our state appropriations of over 17 percent between the two biennia. So, we have compensated, in part, by increases in tuition and fees but not entirely because we have been assessing our self-supports more heavily and moving some of those funds over to the General Fund. In fact, we’ve had 133 percent increase in other revenues in order to help compensate, although the base number is fairly small there. The reduction plan savings carried over from last year, which is about $282,000 for the coming biennium, is really a fraction of the cuts we’ve made in the last biennium, but just carried over because of the layoffs and the fact that those non-renewals are now just beginning to show up in revenues that contribute to solving our budget issues from the cuts. We will be using fund balances to the tune of $763,000 and we’ve
projected an additional reduction of the $225,000, which is pretty clear to us that will go up to probably $300-350,000 knowing that some of the adjustments at the System level won’t be right where it had been anticipated.

I do want to point out how tight this is because we do have what we believe to be a responsible fund balance projected at the end of the biennium at 6.2 percent, but that’s predicated on the assumption that we won’t have any significant additional reductions and we already know we’ll get a little bit more. Secondly, that we will have a steady state with regard to our enrollments and, at this point, I think our efforts would suggest that’s a good forecast but not necessarily one in which we can do anything but be guardedly optimistic.

I just want to give you a sense of how our consultations have progressed with students on our campus, both graduate students and their program directors and deans, as well as our undergraduate student body organization. They have been very involved with us, particularly the student body leadership and we will be going back again to the student senate this coming week as well as to our faculty senate. Those discussions are going very well. We all share the sadness in needing to do this but, as we look at it and get further into it, the students are getting as conversant with the reasoning behind some of this as we are, and that’s very satisfying. They are listening carefully, they are contributing good ideas, we’ve modified some of the plans based on those discussions, and we’re getting close with one another in that process. The document we’ve been using, similar to what President Ray put up, in our discussions on campus is attached in a two-page outline that gives them the background of what the plateau has been, what change was made in the winter, what is happening within the System in general at this point, and then the difference between the modified tuition plateau or the compacted narrowing approach, and then a pro and con statement about those approaches. If you look at the last two pages, it’s in a glance, you can see what the difference in the two plans would look like, where the reduction in the amount per credit hour from credit number 13 to credit number 18 is $56 for the resident undergraduate student – I guess it would be $50 at OSU so I guess that’s a similar structure. The good news is that we did spread the plateau out a bit here rather than to contract it even though there are dollars charged for those credits. The same patterns apply to the graduate student vs. the last page, which shows what it would look like if we were to narrow the plateau as planned last April. We’ve begun to move away from that because we feel the students that would benefit from the 13th and 14th credit at zero would not be as much of an incentive for most students as would be the graduated level at the $56 figure.

Those are the things we are still discussing on the campus but there has been significant progress in the last couple of weeks in coming together with an understanding of the various alternatives and the better choices among the not so good choices that we all have to look at. That’s all I needed to cover. I would only, maybe, drive us back for a moment to note that for SOU, were all the changes as now planned, which we know are still in discussion, go into effect, though the 12 percent level seems high when you look at a percentage or even at the 15th credit, we look on the high side, the actual 15 credit charge for the tuition for us would be the lowest in the System
because that’s a function of what’s happened over the last few years and not what’s happening just now.

Finally, in the Board book, there is the outline, and a couple of you have drawn attention to it already, to the peer institutions and where we stand. We looked at it for in-state students, the resident students, and indeed we all regret being at the higher level there, but I think a point that might be made is to look at the fact that at the bottom with the lower rates we have California and Washington represented. We all know that California spent incredibly low and even though they are publicizing big increases, they are big increases on a very tiny basis so you can just see that there - $2,503 in the California State University, Stanislov, which is typical across that Cal State System. Secondly, I think it’s worthy to note the nonresident since there is a lot of focus in this discussion on it. There are differences among our institutions because Eastern has had that opportunity, which has really helped with their distance learning efforts, to have the in-state rate for the nonresident. So, really, they’re very competitive there in terms of out-of-state students but that’s because of a very special opportunity. Some of the rest of us, of course, are right by a border so Dan and I share the same kind of challenge where we’re doing a lot of across the border—he with Washington, which is low compared to Oregon these days, and we with California, which is low—so we are struggling with those kinds of things in order to serve our region around us over the border.

Director Lorenzen: One quick question that’s been brought up and President Ray, possibly you can help with this as well because you mentioned the limitation on the increase. What was that percentage limitation?

President Ray: Well, I think we’re restricted, as I understand the Budget Note, by whatever we proposed last summer as the cap on what we could do and for Oregon State that was 5 percent. There were different numbers for different institutions.

President Zinser: But I think that was calculated at 12 percent was it not? Does that address the plateau?

President Conn: It was each institution.

President Zinser: I meant at 12 credits. It didn’t address the plateau.

President Conn: That’s a good place for me to pick up, because last summer we were approved for a 6 percent increase and that was clearly predicated on eliminating the tuition plateau. We’ve been involved on a two-year plan to phase out the tuition plateau. We’ve spent a lot of time trying to explain it to students. We think they understand it. We think they know that one way or another, we had to balance the books. We can go up on the rate per credit hour or we can curtail the plateau and, therefore, charge for hours that we are not charging for now. But, the point is that while we were approved for six, if somehow we were not allowed to phase out the tuition plateau then, as others have
said, we have to go up 10, 11, or 12. Someone needs to tell us quickly whether that's even possible.

We have spent a lot of time with our students, most recently Tuesday with our student senate and like I say, they are not excited about getting rid of the tuition plateau but they have come to realize that one way or the other, we have to balance our books and it's a matter of who will pay and how they will pay.

“There has been a lot of discussion about the equity issue and this is an interesting discussion for me because it’s the third state where I have gone through it. Now, what’s unfortunate here in this discussion is driven by our need for additional revenue. The other two states had nothing to do with revenue. That’s why I’m intrigued by the arguments that have nothing to do with revenue. At one state it was literally pegged as revenue neutral. We calculated what the average carrying load was, we reduced the cost per credit hour when we went to charging for all credit hours, there were mathematically as many winners as losers. It was not a revenue issue at all. That underscores the reason why it was: number one—equity. You’ve already heard it. We look at Portland State begrudgingly. I don’t know if President Bernstine knows this, because with over 60 percent of their students part-time, it means that regardless of their tuition rate, they are taking in more money per FTE than those of us who have a lot of traditional students who are taking free courses. We’re highly cognizant of that. So, it’s kind of a wild card in the System. The other thing that has been mentioned that I want to reiterate because we keep talking about collaboration as if we are somehow messing up collaboration by getting rid of the tuition plateau. Quite the contrary. The tuition plateau is the biggest obstacle to collaboration out there and I’ll give you a prime example. If we have a student taking 12 hours at Western Oregon University, they’re paying full tuition now, it is disadvantageous for them to do a three hour course 20 miles down the road at OSU or three hours at Chemeketa because they are paying all over again. As a matter of fact, if they were taking 9 hours at our school, 9 hours at Chemeketa – 18 hours – they would be paying full tab for both. So, I don’t think I have to track all that. The other really strange thing is for campuses that have continuing ed courses, special interest courses, where they keep the books separately, you can literally pay full tuition on your campus and then have to pay some more for that course because it’s a different set of books. When you pay per credit hour, of course, that ceases to be an issue.

There are some other things that I won’t belabor. I won’t get into what that has to do with cost accounting but literally when you can’t calculate whether a new section you open or a special interest course, pay for itself, it really becomes complicated. I will give an example. Last summer, a professor talked me into a one-hour course in Yoga and he convinced me, ‘20 enrollees, they’ll all pay, we can pay for this adjunct – no problem.’ I was amazed when one of 20 students paid because 19 took it as the 18th hour, I suppose. So, when it comes to simple management, simple cost accounting, this confounds the system unbelievably. Those are the reasons why these other states have phased this out. People say, “Why did we ever have it in the first place?” It’s a vestige of a time when you either were or were not a student. All students were full-time students.
and I think as more and more part-time students came along, people thought this was a reasonable compromise. Indeed it is, and we wish it could be continued.

I won’t go into greater detail except to say that we obviously will need to balance our books one way or another. We have decided that, rather than charging 6 percent increase in the tuition rate, we’re already down to 3 and trying to go to zero. We would like to say that the tuition plateau is gone. That’s bad news, but we have no increase in the rate whatsoever. That means that people taking 12 hours or less are paying the same amount of money. Obviously, the others are paying more. Other places where I’ve been, literally in a year or two, it is forgotten because what we are advocating is the rational way to do things, particularly in this era of user fees and a ‘pay for what you get’ mentality.

Provost Moseley: I’d reiterate one thing that President Conn said. When the UO went off of the plateau or went to the modified plateau, it was not in this time of budget crunch and it was done for exactly the kind of philosophical reasons that you’ve heard.

Director Lorenzen: Let me ask a couple questions: Is there any support at all for having a uniform policy with regard to plateaus? I think I can clearly say there probably is none. Second question is a procedural matter. Given what we’ve covered here today, what do you anticipate we should do with regard to further meetings or discussions as suggested by President Goldschmidt? Do you believe it’s been covered? I’ll tell my own inclination is that I’ve heard some very good presentations here. I don’t believe I would learn significantly more by further meetings. The one thing I do believe is very important and what many of you have touched on is the importance of adequately vetting these proposals at your own campuses, among your students and faculty and so on. Then, at the next time you bring this to us, you can then relay in a summary fashion what the results of that review has been. That’s a suggestion. Does anybody disagree?

Director Pilliod: I would also ask for input from the Oregon Student Association since they were sort of put on the spot and not given a lot of time to prepare for today’s conversation.

John Wykoff: And it might be reasonable to have an additional one.

President Zinser: May I make a suggestion? Why don’t we invite OSA representatives to come to our campuses and discuss this with our students because they are differential and rather than having a statewide discussion with different groups, if we’re focused on the institutions and recognize the different approaches we need to take and invite that conversation there.

President Ray: When you act in June or in May or June, we may have full Board discussions in both, I guess what I would suggest is that you and other members of the Board who have been a part of this conversation, talk to each other. We are at your disposal and so are our people and I know the students have more they’d like to say and you decide what you need to hear.
**Director Lorenzen:** Another thing we may do to the extent the student organizations wish to make their presentations, to the extent the student organizations would like to have the opportunity to make a more formal presentation and again, I run the danger – I know our president tends to run a very efficient meeting – it may be at that point, given the fact that you did not have the opportunity to prepare for this, to have five minutes or so at the meeting where you can make a presentation to the full Board. I'm not certain. I'll have to discuss that with President Goldschmidt, but it's another possibility if your concern is not having the opportunity to make that thoughtful presentation you would have done if you had had advance warning. But, I also believe it's a good idea to engage the students on a campus-by-campus basis. I know it's difficult when you have a centralized governing form to get around to all the campuses but still I think there could be great benefit in that.

**Director Nesbitt:** I think we've had a good discussion on the structure of the tuition increase proposals – plateau, resident, nonresident – but I want to clarify a couple things. One is that are all of you assuming that with the Measure 30 cuts yet to be adsorbed, the Chancellor's Office will absorb half of them? Is that part of your premises here?

**President Zinser:** It was in the material I put forward, but we all know that's not going to happen so we're expecting another $100,000 or more.

**Director Nesbitt:** Okay, that's what I'm worried about – what might happen over the next couple of months in terms of the goal you have to meet from Measure 30 and there are a number of other factors some of you identified as moving targets – PERS and other things. So, I guess we'll just need another update in a month but I'm mostly hearing some optimism that maybe some of your proposed numbers can come down so we want to work with you on that whatever way we can.

**Director Lorenzen:** With that, thank you everyone. I appreciate this. I think it was a good session.

The discussion concluded at 1:35 p.m.
Oregon State Board of Higher Education  
Access/Affordability Working Group (AAWG)  

April 2, 2004

The Access/Affordability Working Group met on the above date in the BICC Gallery of Oregon Health Sciences University, Portland, Oregon.

Members present: Mr. Tim Nesbitt, OUS Board (Co-chair); Ms. Nan Poppe (Co-chair); Mr. Howard Sohn, OUS Board; Mr. Paul Bragdon, Lewis & Clark College; Mr. Sam Brooks, OAME; Mr. Randy Choy, The Oregon Community Foundation; Ms. Vanessa Gaston, Urban League of Portland; Mr. Roman D. Hernandez, Schwabe, Williamson, & Wyatt, PC; and Ms. Kate Peterson, Oregon State University.

Members absent: Ms. Bridget Burns, OUS Board.

Others present: Mr. Gary Andeen, OICA; Mr. Brian Clem, OSAC; Dr. Nancy Goldschmidt, OHSU and OUS; Ms. MardiLyn Saathoff, Governor’s Office; Ms. Julie Suchanek, OCCA; and Mr. John Wykoff, Oregon Student Association.

Also present: Mr. Neil Bryant, OUS and Bryant Lovlien & Jarvis, P.C.; Ms. Endi Hartigan, OUS; Mr. Bill McGee, DAS; Ms. Shelby Oppel, The Oregonian; Mr. Dan Preston, Linfield College; Ms. Diane Saunders, OUS; Ms. Liz Shelby, SOU; Ms. Juliette Stoering, PSU/OUS; Mr. Alan Tresidder, OICA; Ms. Susan Weeks, OUS; and Ms. Lisa Zavala, OUS.

Co-chair Poppe called the meeting to order at 1:45 p.m.

Update on Meeting with OICA Presidents.

Director Sohn provided a review of the meeting with Oregon Independent College Association presidents. Governor Kulongoski, Tim Nesbitt, Neil Goldschmidt, and Howard Sohn met with independent college presidents and, at this meeting, the Governor reiterated his emphasis on higher education: individual opportunity and the state’s economic health, and that the whole complex of educational institutions play an interrelated role in these initiatives. The OICA presidents’ response included commendation of the Governor’s priorities and a strong supportive interest in contributing. There was discussion about the form that private/independent institutions participation might take. It was noted that the private/independent institutions do not wish to be seen as a special interest group. It was recommended that there be better coordination between private and public organizations, and it was discussed whether that would happen at the administrative or programmatic level. While both may be
fruitful, there was potential for coordination on the programmatic level. MardiLyn Saathoff added that the Governor’s position is that there needs to be an ongoing discussion between public and private universities but that this is not only charged to the Board of Higher Education. The invitation for private colleges to assist on the Board Working Groups is just one element in this larger initiative which has been assigned to the Governor’s office.

**Framing Policy Decisions/ Strategic Direction**

Co-chair Nesbitt discussed the strategic direction for the Access/Affordability Working Group in the next month and beyond. The deadline for a substantive outline of the proposal, absent of funding mechanisms, is by the end of May, which is the reason for the fast-paced agenda of meetings. The motivational themes are: 1) individual opportunity: no person should be denied access because of inability to pay; and 2) economic development and the connection of individual opportunity with economic development. He noted that business and political leaders in Oregon believe it is important that we get to a higher level of education of the populace. Oregon benchmarks say that 29 percent of our population has four-year degrees; by 2010 we need to have 45 percent. This is a very ambitious goal; so one conclusion is that the Working Group cannot afford to be too exclusive and narrow in its proposal. He noted the need for the proposal to have broad reach and to make sure it supplements and does not displace other sources of funding. In Phase 2, the Group will put a price tag on this and Phase 3 might involve prioritizing.

**Reviewing Existing Policy: Federal Pell Grants and Need-based Aid**

Nancy Goldschmidt presented two documents as an overview of past policy decisions. The Policy Decisions document, on which Kate Peterson, Nancy Goldschmidt, and other Working Group affiliates collaborated, compares policies of the Oregon Opportunity Grant and the Pell Grant.

**Developing Policy**

Co-chair Poppe noted that before considering the specific final decisions, consideration should be made as to who is locked out right now on Pell Grants and Oregon Opportunity Grants, and who should we reach out to now in order to be more inclusive. She asked for input from members of the Working Group and resource experts.

Brian Clem, Chair of OSAC, noted that in meetings with Oregonians throughout the state, he has realized three groups are left out from current funding: part-time working students, co-enrolled students, and students who apply late. There was discussion regarding whether and how to define eligible students and whether focus should be on worker development.

Co-chair Nesbitt said that the focus for worker development funding is to get them into programs and train them quickly for jobs in demand, which is a slightly different
emphasis. MardiLyn Saathoff said she wanted to focus on what the deliverable is. We could say that it is two-year degrees and four-year degrees. The Governor’s agenda is to get people into colleges and universities, and getting them degrees to get out to increase their economic potential. Co-chair Poppe noted that clearly the full time students get their degrees faster in this respect.

Working Group members discussed at length whether or not to include for-profit institutions in the grant. Consensus was not reached.

There was discussion regarding eligible programs. Co-chair Poppe clarified that certificates are less than 45 credits, and we probably don’t even want to discuss non-certificate programs. Co-Chair Nesbitt noted that we have said that the scope is four-year and two-year programs, and asked for confirmation on this. It is unclear whether consensus was reached. Director Sohn added that he thinks that this is what the group wants to say but is not sure if we have full agreement.

Co-Chair Poppe turned the group’s attention to preferences between Oregon Opportunity Grant practices and Pell Grant practices in each category identified by Nancy Goldschmidt in her presentation of the Policy Decisions document.

Student Eligibility
1.1) Financial Need: At first, there was consensus that the Pell Grant policies are more inclusive and the best for our purposes. A vote was taken regarding the use of the Pell Grant policy in terms of assets and all present agreed.

1.2) Dependency Status: no decision.

1.3) Residency: Co-chair Poppe asked if everyone was comfortable with the Oregon Opportunity language. Kate Peterson said that the criteria are about the same; if they meet the federal definition, then they are eligible for the Oregon Opportunity Grant; you then take it one step further to define Oregon residency. There was some clarification of terms, and John Wykoff recommended considering the small population of documented students whose parents are undocumented. Co-chair Poppe confirmed that the U.S. citizenship of the student should be accepted and not that of the parents.

1.4) Educational Attainment: Co-chair Poppe noted that the Oregon Opportunity grant is broader, since the student only has to be admitted into an institution. Kate Peterson disagreed on following Oregon Opportunity Grant policy on this matter because admissions criteria come and go. Ms. Peterson said what we’re trying to do is assist students’ success in a postsecondary institution, whether two-year or four-year, and admission is not defined. Co-chair Poppe concluded that we might want to do more work on this issue since it is complicated, and bring it back to the table.
1.5) **Academic Progress**: Not decided

1.6) **Ineligible Students**: Co-chair Poppe asked confirmation that the Pell and Oregon Opportunity Grant policies are basically the same and whether the group wants to go with the Pell Grant ineligible student definition. John Wykoff brought up the drug conviction question: students have been prevented from getting Pell Grants if they have had any drug conviction. His recommendation was to go with what will likely be the federal compromise to disallow grants from students who are convicted during their college careers, not before. There was no disagreement with this suggestion.

Institutional Eligibility

2.1) **Location**: not decided.

2.2/2.3) **Institutional Type/Institutional Exclusions**: Co-chair Poppe asked whether anyone had anything else to add about whether for-profit institutions should be added. This is an issue that will require further discussion before consensus is reached.

Program Criteria

3.1) **Level of Study**: Co-chair Poppe asked whether the committee was comfortable with going with the Pell requirement that students be in programs that require a minimum of 45 credits. There was no disagreement.

3.2) **Attendance Status**: Co-chair Poppe said that we do know we need to find some way to support part time students. There are a lot of complications and tangents to this which arose out of the discussion and the Working Group will need to do some work on it before the next meeting.

3.3) **Exclusions**: Co-chair Poppe asked if the Working Group wants to continue with the exclusions of theology and telecommunications/distance education courses. Kate Peterson informed that the Supreme Court has now upheld the exclusion for religious degrees, so it is not an issue. She added, however, that telecommunications/distance education remains a controversial issue with many institutions and she didn’t think the Working Group was ready to make a decision on this before realizing what the definition is for federal aid. She will bring that definition to a future Group meeting.

Structure and Process

4.1/4.2) **Appropriates Process**: no decisions.
4.3) **Amount of Award:** Co-chair Poppe said that one of the things that has been discussed is a flat award and examples of different ways of approach should be brought to the table, based on discussions held to date.

4.4) **Maximum Period of Eligibility:** Co-chair Poppe asked whether there was any problem with the Pell policy? There was no disagreement.

4.5) **Allocation Decision:** No vote was taken.

4.6) **Disbursing Agents:** Co-chair Poppe asked whether anyone had any problem with the language of that. There was no disagreement.

**Statement of Policy Goals**

Co-chair Poppe asked if the Policy Goals and minutes from the last meeting need revision. Julie Suchanek requested revision of the Policy Goals document.

The next meeting dates were set for Tuesday, April 13 in Salem, and Friday, April 30, in Portland.

The meeting adjourned at 3:30 p.m.