THURSDAY, JUNE 3, 2004

1. CALL TO ORDER/ROLL CALL

2. APPROVAL OF MINUTES
   • FBAPRE Committee Meeting, May 7, 2004 ............................................................... 119

3. ACTION ITEMS
   a. OAR 580-050-0001 Temporary Adoption of New Rules related to Contract Administration (Roll call vote) ........................................................................................................ 3
   b. PSU, Northwest Center for Engineering, Science, and Technology—Bond Issuance Authority ..................................................................................................................... 7
   c. Budgeted Operations Fund Balances Policy ............................................................. 11

   Report to the Emergency Board, as required, to sell Article XI-G bonds prior to receiving entire matching funds.

   Establish a range (5-15 percent) of Education and General revenue fund balances should fall within.
4. **CONSENT ITEMS**

a. **OSU, Veterinary Medicine Small Animal Hospital—Revised Expenditure Authority** 13
   This is proposed to add to the scope of work required by the City of Corvallis and to complete the next phase of construction to fit-out the second floor shell space.

b. **PSU, Millar Library Project—Revised Expenditure Authority** ............................... 15

c. **SOU, Revised Student Housing Project—Revised Expenditure Authority** .............. 17
   To add additional housing units.

d. **SOU, Stevenson Union Addition and Remodel Project—Revised Expenditure Authority** ........................................ 21
   To add seismic retrofits and to refurbish the dining area.

5. **REPORT ITEMS**

   The Board will review biennial Capital Construction project requests presented by EOU, OIT, OSU, and UO.
FRIDAY, JUNE 4, 2004

REGULAR MEETING OF THE BOARD OF HIGHER EDUCATION
SOUTHERN OREGON UNIVERSITY
STEVENSON UNION, ROGUE RIVER ROOM
9:00 A.M. – 12:30 P.M.

AGENDA

1. CALL TO ORDER/ROLL CALL/WELCOME

2. APPROVAL OF MINUTES
   • Special Board Meeting, May 4, 2004 ................................................................. 115
   • Regular Board Meeting, May 7, 2004 ............................................................... 147
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3. ACTION ITEMS
   • Finance/Budget/Audit/Personnel/Real Estate Committee
     a. OAR 580-050-0001 Temporary Adoption of New Rules related to Contract
        Administration (Roll call vote) .............................................................................. 3
        General catch-up amendments to facilities-related procedures that reflect the intention of SB 271.
        Included increasing various cost thresholds delegation of authority to campuses, and clarification of
        various procedures.
     
     b. PSU, Northwest Center for Engineering, Science, and Technology—Bond Issuance
        Authority ............................................................................................................. 7
        Report to the Emergency Board, as required, to sell Article XI-G bonds prior to receiving entire
        matching funds.
     
     c. Budgeted Operations Fund Balances Policy....................................................... 11
        Establish a range (5-15 percent) of Education and General revenue fund balances should fall
        within.
• Full Board

a. Amendment of OAR 580-040-0040, 2004-05 Academic Year Fee Book .................. 27
   Annual approval of academic year tuition and fee rates.

b. Adoption of OAR 580-040-0300, Surplus Property Disposal .......................... 49
   The rule is necessitated by the passage of SB 437 last session that exempted us from the DAS
   disposal process and authorized OUS to craft its own.

c. Request to the Emergency Board for Salary Adjustments for Selected Faculty ...... 53
   The Oregon University System is requesting authority to provide salary adjustments to selected
   meritorious faculty who might otherwise leave. These highly productive faculty are leaders in their
   fields and are exemplary in educating students, advancing knowledge, receiving grants, and
   spurring economic development. The adjustments will be funded from savings realized through
   reorganization of the Chancellor’s Office.

d. ASET Initiative ................................................................. 57
   Proposal raised by Access and Affordability Working Group

e. Legislative Concept—Optional Retirement Plan .................. (to be mailed separately)
   Proposal to amend ORS 243.800. Provides for OUS to set its own contribution rates (a placeholder
   concept was discussed with the Board previously).

4. Consent Items

a. SOU, Master's of Music (Conducting) .............................................................. 65
   SOU proposes to offer its existing American Band College program to become a Master’s in Music,
   thereby separating this program from the interdisciplinary degree in which it has been housed.

5. Report Items

   Reductions, and Tuition Rate Increases .......................................................... 67

b. Annual Report on Student, Faculty, and Staff Racial/Ethnic Diversity .......... 69

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

d. Working Groups
   i. Academic Excellence/Economic Development (Kirby Dyess)
   ii. Access/Affordability (Tim Nesbitt)
   iii. Chancellor’s Office Review (Geri Richmond)

6. Reports

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

7. Chief Operating Officer and University Presidents’ Report
8. Public Input

9. Delegation of Authority to Board’s Executive Committee

10. 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.
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- PSU, Northwest Center for Engineering, Science, and Technology—Bond Issuance Authority ........................................................................................................ 7
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**CONSENT ITEMS**

- OSU, Veterinary Medicine Small Animal Hospital—Revised Expenditure Authority .... 13
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OAR 580-050-0001 Temporary Adoption of New Rules Related to Contract Administration

**Purpose:**
The Oregon University System is not subject to Oregon Revised Statute (ORS) Chapter 279, the statutes related to public contracting. Instead, OUS was given specific statutory authority to develop its own procedures for competitively procuring construction and related services. OAR Chapter 580, Division 50 sets out those procedures. It has not been amended since 1996. At that time, the rules were amended to incorporate the changes from SB 271, the first Higher Education Efficiency Act. The Facilities Directors from all the campuses have been meeting for about two years with Wendy Robinson, Department of Justice, to review and revise the rules to deal with problems that have arisen under the rules and to reflect actual campus operations. The rules went through six versions and at this point all Facilities and purchasing staff on all the campuses are comfortable with the changes. The changes also reflect the input from attorneys in the Business Transactions Section of the Department of Justice, who will be using the rules to review contracts for legal sufficiency.

**Summary and Background:**
Staff is proposing that the rules be temporarily adopted so that the campuses can take advantage of the changes during this summer's construction season. Temporary rules remain effective for a maximum of 180 days. A public hearing will be conducted prior to the expiration of the temporary rules so that the rules may be permanently adopted by the Board, at a later date.

The major changes to the rules are as follows:

1. In general, the rules were made clearly applicable to the campuses and the Chancellor's Office. Authority was delegated from the Senior Vice Chancellor for Finance and Administration to a person on each campus, the Institution Facilities Planning Official (IFPO). Each campus can further sub-delegate functions to other persons on campus.
2. OAR 580-050-0010: Added traffic signals, sidewalks, streetcars, and other items similar to utilities to the types of easements that can be approved by the Board President and Secretary without Board action. Removed the requirement that only easements for underground utilities could be approved by the Board President and Secretary. This reflects present practice.
3. OAR 580-050-0015: Added leases to the authority to purchase certain types of property delegated to the Senior Vice Chancellor for Finance and Administration. Increased the cost of property that the Senior Vice Chancellor can approve from $100,000 to $500,000 to reflect the increase in property values over the past ten years. Limit lease approval to those leases where the total value over the term of the lease does not exceed $500,000. Rules still need to be developed and adopted for the process to be used to purchase and lease property.
4. OAR 580-050-0020: The definition of Consultants for design, evaluation, and management of construction projects or real property is expanded to include
materials testing, hazardous materials evaluation and abatement, engineering, cost estimating, land surveying, appraisal, commissioning, and special inspections.

Subsection (1): Clearly states that Consultants will be chosen on the basis of qualifications, not price. This tracks ORS 279.057, which requires that price only be negotiated after the Consultant is selected and as part of the process for determining the scope of work. Although OUS is not subject to ORS 279.057, at the Legislative hearings on this statute, OUS represented that it chose its professional consultants on the basis of qualifications.

Subsection (2): The advertising process for Consultants wishing to enter into Retainer Agreements may be done electronically. The proposal may also be submitted electronically. The maximum term of a Retainer Agreement is extended from three years to four, the same maximum term as used for construction contractor Retainer Agreements.

Subsection (3): The maximum payable to a Consultant on a single project under a Retainer Agreement is increased from $100,000 to $200,000. The formal procurement process used for contracts in excess of $200,001 only requires a minimum of three proposals. This reflects the reality that often there are not five Consultants who submitted a proposal. Added specific authority to continue with the procurement process even if fewer than three Consultants submitted proposals if the purpose of the rule is still met.

Subsection (5): This new subsection permits sole source contracts in the following situations: (a) if the institution stops a project and decides to restart it and wants to use the same Consultant to continue professional liability insurance coverage on the project, or because a different Consultant will likely not want to do the work, or because the cost will be greater if a different Consultant finishes the work; (b) if the project is a phased project; (c) if the work is an addition or remodel to a project the Consultant has already worked on and there is likely to be a cost saving if the same Consultant does the new work; or (d) if the Consultant is the only person able to do the work.

5. OAR 580-050-0032(1): Distinguish between Construction Trade Services (those services not performed by a construction contractor, usually associated with maintenance or repair) and Public Improvement contracts (construction, reconstruction, major renovation costing more than $25,000 that does not include emergencies, repair, maintenance, or minor alterations).

Subsection (2): Delegates authority from the Senior Vice Chancellor for Finance and Administration to individual campuses.

Subsection (4): The maximum amount payable to a contractor for a single project under a Retainer Agreement is increased from $200,000 to $500,000.
Subsection (6): This new subsection permits sole source contracts in the following limited situations: (a) if there is only one firm that can reasonably do the work; (b) if the work must be done by a particular firm so as not to void a warranty; (c) if the firm is the only one authorized by a supplier to install a certain item; or (d) if the contract will not encourage favoritism or substantially diminish competition.

Subsection (8): Added requirements prohibiting contracts with a firm that is not properly licensed or which has been determined ineligible by the Bureau of Labor and Industries or OUS.

Subsection (9): Added a requirement for a 100 percent performance and payment bond on all contracts in excess of $100,000. This protects OUS in the event the contractor does not pay its subcontractors or suppliers or fails to complete the work and OUS has to have another contractor finish the work.

Subsection (11): Retainage (the withholding of 5 percent of each payment draw until the contract is completed) is not applicable to projects performed under Retainer Agreements.

Subsection (13): Omitted the incorporation, by reference, of certain 1995 Attorney General Model Rules regarding the contracting process. These are replaced by the new rules the Board will be temporarily adopting. This further distances OUS from DAS control in accordance with the Higher Education Efficiency Act.

Subsection (15): This new subsection creates exemptions from the competitive procurement process for the following types of contracts: (a) contracts with the federal government or another public agency; (b) emergency contracts; and (c) if the IFPO finds that an exemption will not encourage favoritism or substantially diminish competition and will result in cost savings. These exemptions track those in ORS 279.015.

6. Retainage Rule: Five percent retainage is required on all projects except those less than $500,000, where it is permissible. Retainage may be released on phased projects as each phase is completed.

7. Negotiation When Bids Exceed Cost Estimates Rule: This rule permits institutions to negotiate with the lowest bidder or best proposer when their bid or proposal exceeds the institution's cost estimate. This saves an institution from having to go through the solicitation process all over again.

The following minor changes were made in the rules:

1. Changed references from OSSHE to OUS throughout the rules.
2. OAR 580-050-0005: This rule requires all conveyances of interests in real property to be approved by DOJ and executed by the President and Secretary of the Board. The change brings the rule into conformity with ORS 351.150. Interests in real property include purchases, sales, leases, and easements.

3. OAR 580-050-0020(2): Changed the rule to conform to the process actually used.

4. OAR 580-050-0032: In general, distinguished between Invitations to Bid, Requests for Proposals, and design-build processes.

5. OAR 580-050-0033: Changed the title to refer to amendments because the body of the rule refers to amendments.

6. OAR 580-050-0041(11) and 580-050-0042(10): Removed the requirement for the Board to review the effect of the rules regarding Emerging Small Businesses and Minority/Women Business Enterprises participation in OUS contracts because this review has not been occurring.

7. Definitions Rule: This rule defines terms used throughout OAR Chapter 580, Division 50. It will be placed at the beginning of the Division.

8. Deleted the rule incorporated by reference in OAR 580-050-0032(14) that referred to electronic data interchange because it has never been used. Instead, added references to electronic advertisement and submission of bids or proposals electronically to the rule regarding facsimile submissions.

Staff Recommendation to the Board:
Staff recommends the Board amend OARs 580-050-0001 through 580-050-0100, as described above and temporarily adopt the rules titled: Retainage; Negotiation When Offers Exceed Cost Estimate; Definitions; Bids or Proposals are Offers; Facsimile and Electronic Offers; Offeror Submissions; Pre-Offer Conferences; Solicitation Protest, Request for Change, Request for Clarification; Addenda to a Solicitation Document; Pre-Closing Modification or Withdrawal of Offers; Receipt, Opening, and Recording of Offers; Late Offers, Late Withdrawals, and Late Modifications; Time for Institution Acceptance; Extension of Time for Acceptance of Offer; Low Tie Offers; Rejection of an Offer; Rejection of All Offers; Protest of Contractor Selection, Contract Award; Disqualification of an Entity; Cancellation of Solicitation; Disposition of Offers if Solicitation Canceled; Foreign Contractor; Contract Suspension, Termination Procedures; Institution Payment for Unpaid Labor or Supplies.

(Board action required. Roll call vote.)
PSU, Northwest Center for Engineering, Science, and Technology—Bond Issuance Authority

**Summary:**
Portland State University (PSU) seeks Board approval to authorize the Senior Vice Chancellor of Finance and Administration, or designee, to report to the Legislative Emergency Board, as required by Chapter 890, Oregon Laws, 2001, to allow a phased issuance of Article XI-G bonds for the Northwest Center for Engineering, Science, and Technology Project, prior to receiving 100 percent of the matching funds.

**Staff Report to the Board**

**Background:**
PSU has been in the process of raising the funds (through gifts, grants and contracts) needed to match Article XI-G bonds that were approved in the 2001 Legislative Session in order to begin the construction of the Northwest Center for Engineering, Science, and Technology. This facility will be a 130,000 square foot, silver (perhaps gold) LEED rated building that will include classrooms, faculty offices, 49 laboratories, and some ground floor retail space. This facility is to be built upon a pre-existing subterranean structure that houses the balance of PSU's engineering programs on the PSU campus, creating a comprehensive engineering complex that will support teaching and research in this college. The design, construction, and furnishings for this tower are estimated to cost approximately $44.5 million and will be funded with $21.9 million in Article XI-G bonds, $21.9 million in matching gifts, grants, and contracts, and $700,000 in Article XI-F(1) bonds (to fund the retail portion of the facility).

The capital budget authorization for this project is for a multi-phased project that includes the tower (as described in the paragraph above), followed by renovation of space in the existing 4th Avenue facility that is currently either leased to third parties or is space that will be impacted by the construction of this tower. The final phase of the project, assuming the funding can be raised before the authorization expires in June 2007, will be to renovate and furnish this existing space in order to serve the growing space needs of the University.

**Statement of Need:**
PSU's enrollment and funded research continues to grow to historic high levels and classroom, office, and research spaces are in short supply. This past fall term, PSU's overall enrollment grew to approximately 24,000 students. It is imperative that PSU acquire facilities to accommodate this growth in students with concurrent demands for added classrooms, research, and faculty office space.

In accordance with the goals and directives adopted by the Engineering and Technology Industry Council (ETIC), PSU has been diligently striving to double its enrollment and engineering graduates, and to increase its funded research in engineering areas. Although the University is well on its way to meeting these goals, this facility is absolutely critical to the successful completion of these objectives, as it will
provide the space needed to grow the faculty, teach the students, and obtain the laboratories needed to increase research. One key example is that this building will house PSU’s Intelligent Transportation Systems Laboratory. The region’s transportation agencies and leaders support PSU’s work in the area of transportation research and have worked with the University to gain funding for this new construction. The need is clear—agencies are challenged to solve complex transportation problems and look to PSU faculty and students for research assistance. Additionally, this new Laboratory will support the preparation of new transportation engineers and planners to meet the growing labor force needs. Estimates are that more than half of the transportation employees will retire in the next 15 years.

The 2001 Legislature approved Senate Bill 5525 (subsection 3[h]) that included an authorization to issue $26.5 million in Article XI-G bonds, $7.2 million in Article XI-F(1) bonds, and $26.5 million in other funds to construct the Northwest Center for Engineering, Science, and Technology at Portland State University. Section 15 of this senate bill states, “(1) Notwithstanding any other law, the State Board of Higher Education may not issue bonds for projects listed in section 2 (3)(h), (4)(f), (5)(n), (6)(j), and (8)(b) of this 2001 Act until the total amount of other revenues, including federal funds but excluding proceeds from lottery bonds, identified for the project in the expenditure limitation has been received by the board. (2) Notwithstanding subsection (1) of this section, the State Board of Higher Education, after reporting to the Emergency Board, may issue bonds for a project listed in section 2 (3)(h), (4)(f), (5)(n), (6)(j), and (8)(b) of this 2001 Act if the total amount of other revenues, including federal funds but excluding proceeds from lottery bonds, identified for the project in the expenditure limitation has not been received by the board.”

In order to proceed with this project, in accordance with subsection (2) above, a report to the Emergency Board must be presented and accepted, which acknowledges that bonds may be issued for the project even though the total amount of other revenues identified for this project in the expenditure limitation has not been received by the Board.

Today, PSU has either cash in the bank, been awarded federal grants, or has pledges sufficient to finance the construction of the tower. A current breakdown of funding for this facility is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Received and Deposited to Date</td>
<td>$8,338,237</td>
</tr>
<tr>
<td>PSU Foundation Gifts and Pledges</td>
<td>5,420,494</td>
</tr>
<tr>
<td>Other Matchable Gifts, Pledges, Grants/Contracts</td>
<td>8,607,000</td>
</tr>
<tr>
<td>Total Matchable Funds</td>
<td>$22,365,731</td>
</tr>
<tr>
<td>Other Non-Matchable Revenues</td>
<td>$ 124,392</td>
</tr>
<tr>
<td>Article XI-F Funding</td>
<td>$ 700,000</td>
</tr>
<tr>
<td>Article XI-G Funding</td>
<td>$22,365,731</td>
</tr>
</tbody>
</table>
Total Funding Available for this Project  $45,555,854
Funding Needed for Tower Design, Construction, etc.  $44,499,593
Funding for Phase II  $ 1,056,261

As many of the pledges for this project are to be paid over a multi-year period and the federal grants are cost-reimbursable, one of the challenges for this project will be to have cash available to meet the estimated disbursement schedule on this project. PSU officials, working with officials in the OUS Facilities and Controller’s Divisions, have come up with a solution to this challenge by using inter-fund loans (or lines-of-credit) of other institutional cash balances to meet the expected cash flows of this project. Depending on the timing of the bond sales, these loans could reach a maximum of approximately $18 million by spring 2005 if a spring 2005 bond sale is used ($12 million if a fall 2004 bond sale is used). Institutional officials estimate that cash funds will be adequate to fund this line-of-credit for the duration of the project. Attached is a draft of an Inter-fund Loan/Line of Credit Agreement that could be used to document these transactions.

These cash flow challenges/risks can be mitigated by the following actions:
1. Asking the legislature to accept a report acknowledging a plan to issue bonds for the project even though the total amount of other revenues identified in the expenditure limitation has not been received by the Board;
2. Acknowledging the use of a reimbursement resolution to use future bond proceeds to repay line of credit advances used to meet the cash needs of the project; and
3. Authorizing multiple bond sales to comport with the pledge payment and grant expenditure schedules.

PSU believes that these challenges/risks are justified and can be overcome for the following reasons:
1. The bulk of the pledges are from blue-chip donors, such as the founders of Intel and Tektronix, the Miller Foundation, and Fariborz Maseeh, thus likelihood of payment is high;
2. More than $1.1 million in surplus pledges/funding is available to cover contingencies;
3. Fund raising will continue until the total Phase I and Phase II financing goals are met, thus there is a high probability that there will be additional funds for possible contingencies; and
4. Institutional unrestricted cash balances are more than sufficient to fund project advances (unrestricted cash balances have averaged $30.9 million since July 1, 2000 and the maximum advance is $12 million with an average advance of $3.5 million.
Staff Recommendation to the Board:
Staff recommends that the Board approve PSU’s request to report to the Legislative Emergency Board, to allow the issuance of bonds for the Northwest Center for Engineering, Science, and Technology Project, even though the Board has not received the total amount of other revenues identified for the project in the expenditure limitation.

(Board action required.)
Budgeted Operations Fund Balances Policy

Background:
Responsible fiscal management requires adequate reserves to mitigate current and future risks. Adequate reserves are essential to offsetting cyclical variations in revenues and expenditures and to protect against 1) catastrophic events, 2) unforeseen revenue declines and expenditure gaps, 3) unexpected legal obligations, and 4) failures and health/safety/code issues in infrastructure or major business systems.

These risks can result from a number of factors such as uncertainty in the economic or political climate and volatility in revenue streams and expenditure requirements. The appropriate level of reserves is likewise dependent on a variety of factors: liquidity, the predictability of revenues and expenditures, the availability of resources in other funds, and the level of bona fide commitments against the reserves.

Although resources in Other Funds should be considered in assessing the adequacy of reserves, the focus for OUS should properly be on budgeted operations funds, which are the primary operating funds through which all basic instruction and institution administration occur. Budgeted operations funds include state General Funds and Other Funds Limited, made up principally of student tuition and fees and also including educational department sales and services, indirect cost recovery, and other operating revenues. Particular attention should be paid to Other Funds Limited balances since campuses are prohibited by statute from carrying state General Fund balances forward across biennia. In other words, any state General Fund ending balances automatically revert to the state at the end of each biennium.

For the purpose of gauging their relative value, budgeted operations fund balances can be expressed either as a percentage of annual budgeted operations revenues or as budgeted operations expenditures sufficient to fund a specified period. The Government Finance Officers Association, for example, recommends that fund balances be maintained at a level that represents 5 to 15 percent of operating revenues, or is sufficient to fund no less than one to two months of operating expenditures.

Obviously, the level of budgeted operations fund balance should be related to the likelihood of need. Given the timing of tuition assessments, revenue cycles at OUS institutions tend to spike quarterly while expenditures remain relatively flat. When combined with the volatility of state funding over the past several biennia—as well as fluctuations in enrollment and tuition dollars—the need to maintain fund balances sufficient to stabilize the operating revenue stream for short periods is clearly imperative. The institutions, for example, are particularly vulnerable to shortfalls in revenue collections during the first quarter of each biennium.

Responsible fiscal policy, then, suggests that the institutions should maintain ending biennial budgeted operations fund balances sufficient to stabilize the operating revenue stream and cover unforeseen contingencies equal to approximately one month’s
operating expenditures, or about 10 percent of their annual budgeted operations revenues.

At the same time, because state General Funds are either spent down completely prior to the end of the biennium or revert to the state, the principal source of revenues available to provide budgeted operations fund balances is student tuition and fees, and any excess balances could be interpreted to represent unwarranted tuition and fee rates. Consequently, ending biennial budgeted operations fund balances should not exceed approximately two months of budgeted operations expenditures, or about 15 percent of annual budgeted operations revenues.

_Budgeted Operations Fund Balances Policy Proposal:_
OUS institutions shall develop budgets that target an ending biennial budgeted operations fund balance of approximately 10 percent of annual budgeted operations revenues. For purposes of this policy, budgeted operations funds are defined as all funds included in Fund Type 11 (Education and General) in the Oregon University System accounting records. Budget operations balances will be monitored as part of the quarterly projections included in the Managerial Reports provided to the Board; and institution presidents shall advise the Board in the event projected or actual ending balances for the biennium either fall below 5 percent or rise above 15 percent of revenues. Included in the information provided by the presidents will be an explanation for the variance and a plan to rebalance the budgeted operations fund balances over time to approximately 10 percent of annual budgeted operations revenues.

_Staff Recommendation to the Board:_
Staff recommends that the Board adopt the Budgeted Operations Fund Policy as proposed.

_(Board action required.)_
OSU, Veterinary Medicine Small Animal Hospital—Revised Expenditure Authority

Summary:
The Oregon State University (OSU) seeks Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to seek an additional $3.2 million of spending authority from the Legislative Emergency Board and increase the overall project cost by the same amount. Funds from donations and grants are currently available. The increased authorization will allow for reinstatement of project elements that were removed due to budgetary concerns and to allow some new elements to be added to the small animal hospital project to improve the overall effectiveness of the facility.

Staff Report to the Board

Background:
In June 2003, the legislature approved $10.2 million in spending authorization for the project. Based on budgetary concerns, many aspects of the project were either eliminated or reduced. However, fundraising efforts have been very successful and additional funds have been raised. The Veterinary Medicine program seeks to add back those items that were removed from the project scope due to an anticipated budget shortfall as well as add some new elements to the project that will allow the Teaching Hospital to operate more effectively.

The items added back into the project scope include a food preparation room, completing the “fit-out” of operating room #3 and a seminar/break room, and the relocation of administrative offices and research lab. Items not included within the initial project scope but that are now proposed to be added to the project include: a fluoroscopy room; necropsy cooler; an enlarged surgical teaching area; upgrades to the lecture hall, including an AV system and new seating to accommodate increased student enrollment; replacement of the Central Services autoclaves; remodeling of the pharmacy dispensing area to comply with current standards; and some additional interior work and safety improvements. Also, the City of Corvallis is requiring street improvements adjacent to the project site that were not part of the original project scope.

Statement of Need:
This project is to implement the legislative approval given in 2001 for the expansion of the veterinary medicine program at OSU to a full four-year program. In order for the program to provide for the full veterinary training, a treatment facility for small animals is necessary. Preliminary design identified a facility that was more expensive than available funds allowed. In order to meet budgetary constraints, a number of components were removed from the project, even though they were important to the quality of the program. Corporate interest in donating equipment and program support funds has increased substantially since the expansion of the Veterinary Medicine program was authorized by the legislature. The completion of currently shelled space will allow donations of imaging technology and surgical equipment to be placed into
service, complete research space necessary to attract the top faculty to the College, and expand ongoing research in human/animal infectious diseases and surgical technologies. Additional fundraising has been very successful and private donations and grant funds have been secured to allow these components to be reinstated.

**Schedule:**
The project has been designed, bid, and construction is underway for those elements included within the $10.2 million dollar authorization. Construction is anticipated to be complete in August 2004. Additional spending authorization is being requested to include the removed elements back into the project and add additional improvements to the small animal hospital facility to be more effective. If spending authorization is granted, then these improvements will be completed by December 2004.

**Financial Considerations:**
Funds for the additional work have been raised through additional private donations and grants. The College of Veterinary Medicine is asking for authorization to spend those funds already received.

**Staff Recommendation to the Board:**
Staff recommends that the Board approve OSU’s request to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to seek additional legislative spending authorization for an additional $3.2 million to allow expenditure of monies received in gifts and grants for the veterinary medicine small animal hospital project and isolation facility.

(Board action required.)
PSU, Millar Library Project—Revised Expenditure Authority

**Purpose:**
Portland State University (PSU) seeks Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to obtain approval from the Legislative Emergency Board for an additional $268,000 of Other Funds expenditure limitation for the Millar Library Project. If this request is approved, the total Other Funds expenditure limitation will be increased to $1,905,766.

**Background:**
Other Fund revenues received for this project have exceeded the approved legislative limitation. Due to the Article XI-G Bond and Federal Grant restrictions, revenues are locked in these plant fund accounts and cannot be moved elsewhere.

At this time, project construction is on hold until PSU receives approval to expend the remaining fund balances. PSU's intent is to use the remaining fund balances for construction activities falling within the scope of this approved project, with no plans to request release of these funds for use on other projects.

Additional legislative limitation approval is required to expend the remaining $268,000 of gift and Federal Grant funds.

**Staff Recommendation to the Board:**
Staff recommends that the Board approve Portland State University's request to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to obtain approval from the Legislative Emergency Board for an additional $268,000 of Other Funds expenditure limitation for the Millar Library Project. If this request is approved, the total Other Funds expenditure limitation will be increased to $1,905,766.

**(Board action required.)**
SOU, Revised Student Housing Project—Revised Expenditure Authority

**Purpose:**
Southern Oregon University (SOU) seeks Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to obtain approval from the Legislative Emergency Board for an additional $5.2 million of expenditure limitation for issuance of Article XI-F(1) bonds for the Student Housing Project. If this request is approved, the total expenditure limitation will be increased to $7.2 million. The additional Article XI-F(1) bond debt service will be re-paid by student housing fees.

**Staff Report to the Board**

**Background:**
The student housing complex will be located south of the academic core on the Ashland campus. The 2001 Legislative Assembly approved the sale of bonds and expenditure authority in the amount of $2 million for phase one of a multi-phased development comprised of apartment or townhouse type units. University officials have determined that it is more efficient to combine the first and second phases into a single structure comprised of over three times the number of beds (96) in view of the considerable upfront costs of developing the site and extending the utilities infrastructure from the central campus service facilities. These improvements will also benefit the construction and occupancy of subsequent, planned phases.

**Statement of Need:**
The 2000-2010 SOU Campus Master Plan identified the need to expand the number of University operated student housing units in the 3.03 acre area bounded by Madrone, Indiana, and Oregon Streets just south of the campus' academic core and west of the large, traditional Cascade residence complex. The envisioned project, for which approval is sought, will require the removal of eight single-family residences that, due to their 1950s vintage, incur increasingly high maintenance costs. Over past decades, the University has purchased these houses as they came on the market for the sole purpose of expanding the multiple unit housing pool. As many of these houses as possible will be relocated elsewhere in the area by one or more contractors who have responded to a formal bid invitation.

This expanded project, the first constructed for single students in almost 40 years, will house 96 students in quad configured single occupancy bedrooms within a three-story, 33,334 square foot facility. Each “quad” or unit will consist of four single occupancy bedrooms, a small kitchen, bathrooms, and a common seating area. The intent of the project, indeed, this architectural style, is to appeal to upper level single students to remain on the campus rather than move off campus, thereby enabling them to more readily engage the services and activities of the campus and hence improve their probability of graduating. The project will also provide additional affordable housing units that are otherwise in high demand within the Ashland community, noted for its escalating housing prices.
Rather than proceed with a single, smaller building envisioned in the phase one funding approved in 2001, which would itself require considerable investment in the development of the site and infrastructure, University officials and design consultants have determined that a more efficient use of resources would result from combining phases one and two into a single larger complex that enables the spreading of the development and infrastructure costs over three times as many beds. This structure would be comprised of two residential masses connected by a structure housing a large lobby and other group use spaces, an elevator, a mechanical room, and a restroom. The proposed facility would sit adjacent to the corner of Madrone and Indiana Streets, thus framing a court on the corner. The slope of the site creates a unique opportunity to highlight the main building entrance. Spaces to park 36 vehicles and 14 bicycles will be constructed with access provided from both of these streets.

Planning for the project has proceeded through the schematic design phase and the required site review, including a zoning change, has been conducted and approved by the City of Ashland Planning Commission. Approval of this request for an expanded project by the Board and the Legislative Emergency Board would enable site development to commence this summer with construction to follow on a schedule that enables occupancy for fall term 2005.

Cost Effectiveness of the Proposal:
From selection of architect through initial design work, this project has emphasized a cost-effective design. Careful choices in design and materials have balanced both immediate affordability and long-term maintenance and replacement costs.

- **Design:** Placement of the building along topography lines on the site has minimized costs for cut and fill work on the site. By creating one larger building instead of two smaller buildings, building infrastructure costs, such as elevators, were reduced. This one-building design will also minimize staffing costs and create a strong visual presence at this key corner location. SOU did contemplate designing additional floors/more beds, but the location of this project at the edge of a residential neighborhood made that option untenable.

- **Materials:** Building exterior will be stucco, matching other residence hall buildings. Color will be integral to the stucco, reducing long-term upkeep. Public areas, such as hallways, will be finished in high-durability materials (CMU block), while individual apartment units will be finished in more residential-quality materials such as drywall. While tile bathrooms would be a preferred choice for long-term maintenance, this project calls for cultured marble tub surrounds for their relatively high durability/lower cost.

- **Energy / Sustainability:** In keeping with state regulation, this project seeks to exceed energy efficiency guidelines. Campus utilities will be extended to the site, allowing use of a highly efficient four-pipe system for heating and cooling. While this project will include an air-cooling system, SOU has insisted on large, operable windows well situated for cross ventilation to encourage minimal use of that system in favor of
natural ventilation. High-efficiency fixtures and occupancy sensors to minimize lighting/heating and on-site storm water retention will minimize impact on the environment.

- **Operating and Maintenance Costs:** Although the initial cost of tying into campus heating/cooling infrastructure is high, savings in utility expenses will accrue over the life of the building. Operating costs and maintenance care in upper division student housing are typically less than traditional freshman housing and will be absorbed into the present maintenance structure. An ongoing annual inflation-indexed expense factor of $1.25 per square foot has been calculated as sufficient to provide routine maintenance for this project due to the close proximity to the residence halls and current staffing patterns.

**Staff Recommendation to the Board:**
Staff recommends that the Board approve SOU’s request to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to obtain approval from the Legislative Emergency Board for an additional $5.2 million of expenditure limitation for issuance of Article XI-F(1) bonds for the revised student housing project.

*(Board action required.)*
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SOU, Stevenson Union Addition and Remodel Project—Revised Expenditure Limitation

Summary:
Southern Oregon University (SOU) seeks Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to obtain approval from the Legislative Emergency Board for an additional $1.4 million of expenditure limitation for issuance of Article XI-F(1) bonds for the Stevenson Union Addition and Remodel Project. If this request is approved, the total expenditure limitation will be increased to $6.9 million, of which $5.5 million of expenditure limitation was previously approved by the Legislature. The additional Article XI-F(1) bond debt service will be re-paid by student building fees.

Staff Report to the Board

Background:
The original project expenditure limitation was authorized within the OUS Capital Construction program under Chapter 845, Oregon Laws, 2001, giving SOU the authority to expend a total of $5.5 million of Article XI-F(1) bonds for the Stevenson Union Addition and Remodel Project.

However, during the design process, it was determined that numerous capital renewal items, ADA compliance, and seismic bracing work would also need to be addressed within the project. The cost estimates indicate that the budget is insufficient to accomplish the desired scope of work.

Thus, as a result of a value engineering process, the project has been scaled back in order to provide the necessary facility renewal renovations required for the 32-year-old union building, while accomplishing specific remodel needs (e.g., seismic reinforcement and food court updates), as well as a modest addition on the south face.

Statement of Need:
The original scope for the addition and remodel project anticipated a significant addition on the north side to provide a large multipurpose room to accommodate events for which no facility exists on the campus. However, this addition will not be included, as more of the project funding will be devoted to renovation of the 1972 vintage Stevenson Union. The resultant renovation scope of work will now include:

- Seismic reinforcement of the existing structure;
- Infrastructure renewal (e.g., replace galvanized piping and HVAC components);
- Upgrade of the existing large meeting room;
- Remodel to facilitate relocation of various student activities areas within the building;
- Renewal of surfaces (e.g., ceiling tiles, and worn floor and wall coverings);
- Total renovation of toilet rooms to bring them into ADA compliance;
- Installation of an ADA-compliant elevator;
- Remodel of the Elmo’s Food Court serving and dining areas; and
• Brighten the lobby area on the main level.

Financial Considerations:
Following an updated review of Southern's Student Building Fee debt capacity, two smaller related projects will be assimilated into this larger scope project and one smaller project will be deferred in order to provide the additional debt capacity for this project.

The two smaller projects are the Seismic upgrade at $575,000 and the Elmo's remodel at $375,000. The deferral would be the Wrestling Mat Complex at $450,000.

Staff Recommendation to the Board:
Staff recommends that the Board approve SOU’s request to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to obtain approval from the Legislative Emergency Board for an additional $1.4 million of expenditure limitation for issuance of Article XI-F(1) bonds for the Stevenson Union Addition and Remodel Project.

(Board action required.)
2005-2007 Capital Construction Request

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.

The Finance Committee will receive presentations from EOU, OIT, OSU, and UO, covering their capital requests for 2005-2007. A preliminary summary of all projects by campus will be available. In July, the Board will review and approve the 2005-2007 Biennial Request. There will be a summary of projects by campus and a list of project priorities across the System. The priorities will be built through application of criteria, including the Board’s priorities, university priorities, cost savings, and planning objectives.

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, X1-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. Implications of the funding requests on state and university debt will be outlined.

System Evaluation and Establishing Priorities
At the July Board meeting, System staff will present 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)

**Deferred Maintenance:**
One of the major components of the request will be the Systemwide request of $100 million from a variety of sources to address a deferred maintenance backlog of $600 million. This estimate is based on facilities audits and result from continued underfunding across the System.

The funding strategy includes a combination of operating savings dedicated to debt service, Lottery bonds, Article XI-G bonds, and federal grants. The focus of the strategy is to incrementally, over a number of biennia, reduce the problem and do so through a balance of cost savings and state bonding support.
REGULAR MEETING OF THE BOARD OF HIGHER EDUCATION
SOUTHERN OREGON UNIVERSITY
STEVenson UNION, ROGUE RIVER ROOM
FRIday, JUNE 4, 2004
9:00 A.M. – 12:30 P.M.

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2004-05 Academic Year Fee Book

Background:
Staff is requesting approval of proposed OUS tuition and fee rates and related policies for the 2004-05 academic year.

In April 2003, the Board approved tentative tuition plans from the universities 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 this action, the 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 Board for approval.

In April 2004, campuses presented updated preliminary tuition proposals to the Board for 2004-05, to allow time for discussion and public comment prior to Board adoption of tuition and fees at the June Board meeting. Institutions have made minor adjustments to their tuition proposals since the April 2004 meeting, all resulting in small reductions to the proposed tuition increases.

Public Hearing on Academic Year Fee Book
A public hearing on the 2004-05 Academic Year Fee Book was held Tuesday, May 11, 2004, from 10:00 a.m. to 11:00 a.m., in Room 358 of Susan Campbell Hall on the University of Oregon campus. Approximately 20 students attended the public hearing. Oral and written testimony was presented at that time on the proposed changes outlined in the 2004-05 Academic Year Fee Book and a summary of the testimony is attached.

Tuition and Fee Proposals
The proposals in the 2004-05 Fee Book include proposed rate changes and tuition plateau changes. The various fee proposals submitted by each institution undergo a review by Chancellor’s Office staff to assure that the proposals comply with related statutes, Board policy, and Legislative expectations. The enclosed 2004-05 Draft Academic Year Fee Book contains:

1) a summary of the tuition and fee proposals and changes from 2003-04 rates,  
2) updated OUS fee policies,  
3) detailed tuition and fee tables for each campus, and  
4) housing policies and proposed rates.

Since the 2004-05 Draft Fee Book was printed, campuses have submitted revisions to the initial draft that are outlined in the attached document, Amendments to the 2004-05 Draft Academic Year Fee Book. Also attached to this report is a survey of representative universities comparing expected 2004-05 tuition and fees with 2003-04 rates.
Alternatives to Tuition Proposals in the 2004-05 Fee Book

The Board has requested that staff present information on possible alternatives to the tuition proposals contained in the 2004-05 Draft Fee Book as follows:

Plan A – Current proposals as contained in the 2004-05 Draft Fee Book as amended, including tuition rate changes and plateau modifications.

Plan B – No plateau changes beyond those approved by the Board in 2003-04. Tuition rates would increase sufficiently to generate the same amount of revenue for each campus as Plan A.

Plan C – No plateau changes beyond those approved by the Board in 2003-04. Campuses may increase tuition by the percentage rate increases approved by the Board in April 2003. Projected revenues would decrease.

Plan D – Implement a tuition plateau from 15–18 credit hours at each campus with rate increases as approved by the Board in April 2003.

A summary of the impact of these plans on tuition rates and campus revenues is included in the docket.

Oregon University System Fee Policies

The OUS Fee Committee, comprised of OUS staff 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 initiated in 1999-00. The revised policies have been reviewed by the OUS Councils for Academic Affairs, Student Affairs, and Administration and were provided to the Board for information in April 2004.

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 and Management 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 summary section of the 2004-05 Draft Fee Book.

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

OAR 580-040-0040 Academic Year Fee
The document entitled Academic Year Fee Book, dated June 4, 2004 [July 18, 2003] is hereby amended by reference as a permanent rule. All prior adoptions of academic year fee documents are hereby repealed except as to rights and obligations previously acquired or incurred there under.
Through the amendment, the Board adopts the document entitled Academic Year Fee Book, the memo of attachment amending the draft document, and attached schedules noted in this agenda item. The Executive Vice Chancellor will be permitted to authorize minor clerical adjustments to the final document, if necessary.

(Board Action: roll call vote required.)
Plan A – Current Proposal
Amendments to the 2004-05 Draft Academic Year Fee Book

Staff recommends the following revisions to the 2004-05 Draft Academic Year Fee Book:

**Health Fees**
The estimated rate for student health insurance premiums in the Draft Fee Book was $13.40 per term. The actual premium rate is $15.60 per term. Based on the change, SOU is proposing a $2.20 increase in the health fee and WOU is proposing a $2.00 increase since the Draft was printed. The changes are included in Attachments #1 and #2, which are summary tables, pages ii and iii from the draft, and will be made in the applicable detail tables in the Fee Book.

**Eastern Oregon University**
Tuition will increase for Nonresident Graduate students by 10 percent above the current rate. This change corrects the tuition increase proposed in the Draft, which was 22 percent above 2003-04 rates from 9-16 credit hours. The revision below will be made to page 22. See Attachment #2, revised summary page iii.

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**University of Oregon**
Increase housing rates for 2004-05 by 5 percent above current rates. The Draft Fee Book included no increase for UO housing rates. See Attachment #3, page v and Attachment #4, replacement page 77.

**Fee Policy Change**
The proposed policy change is for Graduate Assistant Fee Remissions on page 9 of the 2004-05 Draft Fee Book. The policy would be modified as follows:

"Graduate students appointed by the institution and paid at established institutional salary rates as graduate teaching assistants, graduate research assistants, or graduate fellows are exempt from the payment of the tuition up to first 16 credits per term subject to institutional policy."
The purpose of the change is to give campuses the discretion to determine the number of hours that qualify for graduate fee remissions. Given the proposed tuition plateau changes and the legislative cap on graduate assistant fee remissions, this change should give campuses the flexibility needed to operate within the cap. The OUS Fee Committee, with representatives from each campus, and the Academic Council concur with the proposed change.
# Plan A Amendment - Attachment #1

## Table 2

### 2004-05 Tuition and Fees
Full-Time Undergraduate - 15 Credit Hours

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|          | 45   | 45       | 45        | 45         | 45     | 45 |
| Incidental | 195  | 165      | 161       | 131        | 158    | 181   |

| Other | 45   | 45       | 45         | 45         | 45     | 45 |

|          | 195  | 165      | 161        | 131        | 158    | 181   |
|          | 107  | 105      | 96         | 116        | 110    | 105   |

|          | 5    | 30       |
| Total Fees | $417 | $375    | $402       | $357       | $363 | $471   | $364 |

|          | Residents | $1,836  | $1,815  | $1,776  | $1,707  | $1,655  | $1,890  | $1,714  |
| Nonresidents | $1,836 | $5,025  | $5,964  | $5,622  | $5,049  | $5,882  | $5,149  |

### Percentage Increase over Prior Year

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|          | 0%    | 0%       | 0%        | 0%         | 0%     | 0%    |
| Building | 0%    | 0%       | 0%        | 0%         | 0%     | 0%    |

| Incidental | 0%    | 4%       | -5%       | 0%         | 10%    | 4%    |

| Health | 8%    | 4%       | 2%        | 5%         | 10%    | 6%    |

| Other  | -     | -        | 0%        | -          | 0%     | -     |

### Total Tuition and Fees*

|          | Residents | $1,836  | $1,815  | $1,776  | $1,707  | $1,655  | $1,890  | $1,714  |
| Nonresidents | $1,836 | $5,025  | $5,964  | $5,622  | $5,049  | $5,882  | $5,149  |

* Excludes Resource Fees. Amounts are rounded to nearest dollar.

*Changes since Draft Fee Book are in bold*
Plan A Amendment - Attachment #2

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<tr>
<td>Total Fees</td>
<td><strong>$417</strong></td>
<td>$375</td>
<td>$402</td>
<td>$360</td>
<td><strong>$363</strong></td>
<td>$471</td>
<td><strong>$364</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Total Tuition and Fees*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents</td>
</tr>
<tr>
<td>$3,057</td>
</tr>
<tr>
<td>Nonresidents</td>
</tr>
<tr>
<td><strong>$5,459</strong></td>
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<table>
<thead>
<tr>
<th>Percentage Increase over Prior Year</th>
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<td><strong>EOU</strong></td>
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</tr>
<tr>
<td>Tuition</td>
</tr>
<tr>
<td>Residents</td>
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<tr>
<td>Nonresidents</td>
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<tr>
<td>Fees</td>
</tr>
<tr>
<td>Energy</td>
</tr>
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</tr>
<tr>
<td>Technology</td>
</tr>
<tr>
<td>Building</td>
</tr>
<tr>
<td>0%</td>
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<tr>
<td>Incidental</td>
</tr>
<tr>
<td>Health</td>
</tr>
<tr>
<td>8%</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>-</td>
</tr>
<tr>
<td>Total Tuition and Fees*</td>
</tr>
<tr>
<td>Residents</td>
</tr>
<tr>
<td>9%</td>
</tr>
<tr>
<td>32%</td>
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<tr>
<td>0%</td>
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<tr>
<td>20%</td>
</tr>
<tr>
<td>24%</td>
</tr>
<tr>
<td>11%</td>
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<td>20%</td>
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<td>9%</td>
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<tr>
<td>16%</td>
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<tr>
<td>20%</td>
</tr>
<tr>
<td>3%</td>
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<tr>
<td>20%</td>
</tr>
</tbody>
</table>

*Excludes Resource Fees. Amounts are rounded to nearest dollar.

Changes since Draft Fee Book are in bold
Plan A Amendment - Attachment #3

Residence Hall and Food Service Charges

Institutional residence halls and food services operate as auxiliary services. As such, auxiliary fees and charges are expected to cover the cost of their operations. In recommending residence hall room and board charges for 2004-05, institution administrators estimated residence hall occupancy in relation to enrollment projections and present occupancy patterns.

Recommended changes for 2004-05 in room and board rates will increase between 0 percent and 6.6 percent percent.

Not included in the comparison table below are rates for Portland State University. PSU recently began to manage the operation of its residence halls, after contracting for management services with Student Services Northwest, Inc., a private corporation. Monthly rents for rooms and apartments range from $211–$804 with an average increase of 2.5 percent above prior year rates.

<table>
<thead>
<tr>
<th>Table 5</th>
<th>Room and Board Comparisons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2003-04</td>
</tr>
<tr>
<td>Eastern Oregon University</td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td>5,725</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
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</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td>6,135</td>
</tr>
<tr>
<td>Oregon State University</td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td>6,258</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td>6,039</td>
</tr>
<tr>
<td>University of Oregon</td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td>6,981</td>
</tr>
<tr>
<td>Western Oregon University</td>
<td></td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td>5,630</td>
</tr>
</tbody>
</table>

*Revisions from Draft Fee Book in Bold*
Plan A Amendment - Attachment #4

UNIVERSITY OF OREGON
2004-05 Academic Year Room and Board Rates

<table>
<thead>
<tr>
<th>ROOM AND BOARD RATES</th>
<th>Standard Package 80 meal points / 7 days (approximates 16 meals)</th>
<th>Premium Package 95 meal points / 7 days (approximates 19 meals)</th>
</tr>
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<tbody>
<tr>
<td><strong>Residence Halls</strong> 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double</td>
<td>6,894.00</td>
<td>7,331.00</td>
</tr>
<tr>
<td>Deluxe Double</td>
<td>8,272.00</td>
<td>8,709.00</td>
</tr>
<tr>
<td>Small Single</td>
<td>7,194.00</td>
<td>7,631.00</td>
</tr>
<tr>
<td>Single</td>
<td>8,531.00</td>
<td>8,968.00</td>
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<tr>
<td><strong>Barnhart Hall</strong> 2</td>
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</tr>
<tr>
<td>Double</td>
<td>8,272.00</td>
<td>8,709.00</td>
</tr>
<tr>
<td>Small Single</td>
<td>10,239.00</td>
<td>10,676.00</td>
</tr>
<tr>
<td>Large Single</td>
<td>11,221.00</td>
<td>11,658.00</td>
</tr>
<tr>
<td><strong>East Campus Graduate Village</strong> 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Studio Apartment</td>
<td>$459-$469 per month</td>
<td></td>
</tr>
<tr>
<td>1 Bedroom Apartment</td>
<td>$540-$555 per month</td>
<td></td>
</tr>
</tbody>
</table>

1 Includes linen service, local telephone service, basic cable TV service, and internet access. Includes required social fee ($11 Fall, $8 Winter, and $5 Spring term).

2 Includes linen service, maid service, local telephone service, basic cable TV service, and internet access. Includes required social fee ($11 Fall, $8 Winter, and $5 Spring term).

3 Includes unfurnished apartment (range and refrigerator provided), internet access, local telephone service, water, and garbage service. Rates do not include TV cable service, electricity, or meals.
Summary of Testimony at Public Hearing

OAR 580-040-0040
2003-04 Academic Year Fee Book
May 11, 2004

A public hearing was held on Tuesday, May 11, 2004, from 10:00 a.m. to 11:00 a.m., in Room 358 of Susan Campbell Hall on the University of Oregon campus to provide an opportunity for comment on the proposed amendment to OAR 580-040-0040 to adopt the 2004-05 Academic Year Fee Book. Approximately 20 students attended the public hearing. Oral and written testimony was presented at that time and is summarized below.

Ximeng Yang, UO Freshman: Spoke in opposition to elimination of the tuition plateau, which will unfairly increase tuition. He is a science student enrolled in pre-med courses and the Honors College and has to take 17-18 hours per term to graduate in four years and fulfill the requirements of the major. Requests that tuition plateau not be eliminated.

Maddy Melton, ASUO President: Described a lack of participatory process regarding the tuition plateau elimination at UO. Student representatives are absolutely opposed to tuition plateau elimination and were told what tuition would be—they were not consulted. There is a need to reframe the discussion around the participatory process.

Sonia Aouriri, UO student: Has seen the impact of increasing tuition on students and realizes the need for tuition plateaus. One of her peers works three jobs and 11 hours a day while taking 15 credits so that she can graduate on time. Without tuition plateaus, she will be forced to pay $150-$300 more per term, forcing her to drop her full-time load, despite her passion and dedication to learning. Elimination of the plateau will also be eliminating the amazing potential that students offer to campus and the community.

Yuka Murai, UO international student: Described how elimination of the tuition plateau affects international students. To graduate in four years, international students need to take 16 or more credits per term because they usually take English classes before other coursework. Many international students are suffering financially due to the economic recession and they usually cannot get financial aid from their governments. Fall term, she took the ASUO internship class, but had to drop it because she could afford the two extra credits. She is hurt by the lost opportunity to be involved with student leadership groups and attend workshops.

Kristen Clardy, UO student: With a 12 percent tuition increase, her family will pay $686 more next year. To put the increase in perspective, it is equal to groceries for 13 weeks, eight classes worth of books, or one term of housing. Her family saved for her education and she is on a fixed budget. When tuition goes up, the money comes from her budget for food, books, and housing. Now with the tuition plateau changes, staying in college is a hard choice. A good student who is on the Dean’s list, she should not be turned away because she cannot afford to pay.
Adam Petkun, **ASUO President-Elect**: Believes that tuition plateau elimination undermines the Board’s goal of *more, better, faster*. Presented data from three different states (Minnesota, Missouri, and Indiana) showing that removing the plateau leads to smaller student course loads, longer time to completion, and diminished revenue to universities. A tuition plateau allows students to take classes for educational enrichment and to explore ideas outside their majors. Another concern about per-credit hour systems is that it really hurts low-income students the most. Urges the Board to move from a finance-driven discussion to a student-driven discussion. The financial pressure could lead to policy with lasting negative consequences for students.

Ashley Rees, **ASUO Executive Committee**: Has dreamt of attending law school and takes heavy course loads, achieving a 3.9 GPA. Will have to borrow heavily to pay $27,500 per year for law school and needs to save money as an undergraduate. If the Board changes the tuition plateau, it could be devastating to her plans and hopes of affording law school.

Amy DuFour, **ASUO Co-Legislative Associate**, and Mike Martell **ASUO Finance Coordinator**: Did not receive adequate hearing notice and would like additional time for public comment until May 19th in the event that additional issues arise. ASUO continues to object to the elimination of the tuition plateau. The encroachment on the plateau continues to hurt students. The proposed increase follows a trend and is highly burdensome. This system acts as a disincentive for students to enroll in classes, which broaden the depth of their liberal arts education, which is contrary to the mission of the UO. Increased charges through the refund policy also cause more expense. Recommends establishing a tuition plateau for 12-16 credit hours. Also objects to the $20 per term energy surcharge charged only at UO and EOU, which is outdated and unjustified.

Eddy Morales, **Vice-President ASUO**: Spoke against modifying the tuition plateau, which is bad policy for universities and students. It contradicts the Board goal to make education better for students. A per-credit hour system forces students to take the minimum requirements and does not allow them to benefit from all that a university has to offer. And tuition increases are just too high—students cannot be looked at simply as a revenue source. There must be a more balanced approach to tuition increases.

Mary Fletcher, **PSU student**: The current tuition proposal will price many students out of an education. As a low-income student, she is an Opportunity Grant recipient and works every day. She wants to graduate on time to decrease her debt load and cannot afford the increases. She must now choose between working an extra ten hours per week to pay for another class or staying in school longer. The university cannot continue to balance the budget on the backs of students.

Kelly Thoen, **PSU student**: Spoke against the proposal to modify or eliminate the tuition plateau. Eliminating the plateau will force students to take fewer credits and spend more time in school, further deteriorating access to education. Encourages the Board to come
up with alternatives and not to create long-term policy because of a current revenue shortfall. The current plateau proposal is bad policy with long-term effects.

Kristy Harper, *PSU Student Body President*: Tuition increases mean that she must take out an enormous amount of loans. Taking away plateaus is taking away the Board goals of more, better, faster education for students. Requests that the Board reconsider making changes to the tuition plateaus.

Taraneh Foster, *UO transfer student*: Transferred from the University of California System and is a five-year student in journalism, due to the transfer. Has to enroll for an additional term because her capstone course was full. She plans to start a business in Eugene after graduation and would like to take three business courses in the fall as well as the journalism course. But she will be unable to afford it with the plateau changes. Has already had to drop dance and yoga classes due to tuition increases beyond 18 credits. Urges the Board to make a commitment to tuition plateaus.

Bruce Miller, *retail advisor*: Stated that tuition increases are unnecessary and suggested reading *Prof Scam*, a book with information on how to reduce tuition. Said that he paid tuition per credit hour when he went to school. Recognized that universities have higher costs for science and other classes and have to pay more for high quality instruction.
### Annual Tuition and Fees in Representative Institutions 2004-05*

In Descending Order of Resident Undergraduate 2004-05 Rate

**Selected Comparator Public Colleges/Universities in the West**

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Year</th>
<th>Res U/Grad</th>
<th>Nonres U/Grad</th>
<th>Res Grad</th>
<th>Nonres Grad</th>
</tr>
</thead>
<tbody>
<tr>
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<td>2004-05</td>
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<td>5,508</td>
<td>9,171</td>
<td>16,377</td>
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<tr>
<td></td>
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<td>4,326</td>
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<td>11,523</td>
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<tr>
<td></td>
<td>%Change</td>
<td>27.3%</td>
<td>27.3%</td>
<td>38.8%</td>
<td>42.1%</td>
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<tr>
<td><strong>Western Oregon University</strong></td>
<td>2004-05</td>
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<td>15,447</td>
<td>9,156</td>
<td>15,492</td>
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<tr>
<td></td>
<td>2003-04</td>
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<td>7,614</td>
<td>12,858</td>
</tr>
<tr>
<td></td>
<td>%Change</td>
<td>19.4%</td>
<td>22.9%</td>
<td>20.3%</td>
<td>20.5%</td>
</tr>
<tr>
<td><strong>Western Washington University</strong></td>
<td>2004-05</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
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<td>9.3%</td>
<td>11.2%</td>
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<tr>
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<td>9,054</td>
<td>15,147</td>
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<td>12,822</td>
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<td>12,570</td>
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<td>23.7%</td>
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<tr>
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<td>12.6%</td>
<td>18.4%</td>
</tr>
<tr>
<td><strong>Eastern Washington University</strong></td>
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<td>0</td>
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<tr>
<td></td>
<td>2003-04</td>
<td>3,591</td>
<td>12,447</td>
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<td>-100.0%</td>
<td>-100.0%</td>
<td>-100.0%</td>
</tr>
<tr>
<td><strong>Boise State University</strong></td>
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<td>11,288</td>
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<td>3,930</td>
<td>10,650</td>
</tr>
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<td>6.1%</td>
<td>7.7%</td>
<td>6.0%</td>
</tr>
<tr>
<td><strong>Southern Utah University</strong></td>
<td>2004-05</td>
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<td>3,756</td>
<td>11,442</td>
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<td><strong>Chico State University</strong></td>
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<td>9,634</td>
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<td>8,152</td>
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<tr>
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<td>9,486</td>
<td>2,832</td>
<td>7,908</td>
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<td>%Change</td>
<td>5.4%</td>
<td>1.6%</td>
<td>8.6%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>
### Annual Tuition and Fees in Representative Institutions 2004-05*

In Descending Order of Resident Undergraduate 2004-05 Rate

**Selected Comparator Public Colleges/Universities in the West**

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Year</th>
<th>Res U/Grad</th>
<th>Nonres U/Grad</th>
<th>Res Grad</th>
<th>Nonres Grad</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western State College Colorado</td>
<td>2004-05</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>Western New Mexico University</td>
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<td>2,701</td>
<td>9,733</td>
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<td>9,022</td>
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<td>9,190</td>
</tr>
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<td></td>
<td>%Change</td>
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<td>6.0%</td>
<td>3.3%</td>
<td>5.9%</td>
</tr>
<tr>
<td>University of Hawaii Hilo</td>
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<td>4,032</td>
<td>9,552</td>
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<td>0.6%</td>
<td>-31.0%</td>
<td>-31.8%</td>
</tr>
<tr>
<td>California State University Stanislaus</td>
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<td>6,768</td>
<td>5,640</td>
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<td>111.2%</td>
<td>-24.6%</td>
<td>143.5%</td>
<td>-31.3%</td>
</tr>
</tbody>
</table>

*Note: Many of the 2004-05 numbers are tentative pending approval by policy setting body.

### Annual Tuition and Fees in Representative Institutions 2004-05*

In Descending Order of Resident Undergraduate 2004-05 Rate

**Selected Comparator Public Universities in the West**

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Year</th>
<th>Res U/Grad</th>
<th>Nonres U/Grad</th>
<th>Res Grad</th>
<th>Nonres Grad</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Colorado Boulder</td>
<td>2004-05</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
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<td>23,844</td>
<td>6,158</td>
<td>22,602</td>
</tr>
<tr>
<td>University of California Berkeley</td>
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<td>0</td>
<td>0</td>
<td>0</td>
</tr>
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<td>2003-04</td>
<td>5,502</td>
<td>18,512</td>
<td>6,078</td>
<td>17,656</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
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<td>5,330</td>
<td>13,164</td>
<td>6,332</td>
<td>15,514</td>
</tr>
<tr>
<td>University of Washington</td>
<td>2004-05</td>
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<td>0</td>
</tr>
<tr>
<td></td>
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<td>4,968</td>
<td>16,122</td>
<td>10,110</td>
<td>19,854</td>
</tr>
</tbody>
</table>
### Annual Tuition and Fees in Representative Institutions 2004-05*

In Descending Order of Resident Undergraduate 2004-05 Rate

**Selected Comparator Public Universities in the West**

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Year</th>
<th>Res U/Grad</th>
<th>Nonres U/Grad</th>
<th>Res Grad</th>
<th>Nonres Grad</th>
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### Annual Tuition and Fees in Representative Institutions 2004-05*

In Descending Order of Resident Undergraduate 2004-05 Rate

**Selected Comparator Public Universities in the West**

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<th>Institutions</th>
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<th>Res Grad</th>
<th>Nonres U/Grad</th>
<th>Nonres Grad</th>
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<td>1.0%</td>
<td>-31.8%</td>
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<td>8,838</td>
<td>8,648</td>
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<td>31.6%</td>
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<td>2003-04</td>
<td>2,486</td>
<td>2,302</td>
<td>8,838</td>
<td>8,648</td>
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</table>

*Note: Many of the 2004-05 numbers are tentative pending approval by policy setting body.
### Annual Tuition and Fees in Representative Institutions 2004-05*

In Descending Order of Resident Undergraduate 2004-05 Rate

**Selected Shared Peer List of OUS Large Universities: OSU, PSU, UO**

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Year</th>
<th>Res U/Grad</th>
<th>Nonres U/Grad</th>
<th>Res Grad</th>
<th>Nonres Grad</th>
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<tbody>
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<td>18,700</td>
<td>6,092</td>
<td>18,700</td>
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<td>0</td>
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<tr>
<td><strong>Oregon State University</strong></td>
<td>2004-05</td>
<td>5,328</td>
<td>17,892</td>
<td>9,345</td>
<td>15,582</td>
</tr>
<tr>
<td><strong>University of Oregon</strong></td>
<td>2004-05</td>
<td>5,670</td>
<td>17,646</td>
<td>9,918</td>
<td>14,211</td>
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<td>16,866</td>
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<td>15,480</td>
</tr>
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</table>

*Note:* Many of the 2004-05 numbers are tentative pending approval by policy setting body.
Oregon University System

**Tuition Increase Alternatives**

**PLAN A - Tuition Proposals for 2004-05**
Increase Rates per Credit Hour at or below rates approved by Board in April 2003
Plateau changes as proposed in 2004-05 Fee Book

**PLAN B - Tuition Alternative for 2004-05**
Increase Rates per Credit Hour to raise same amount of revenue as Current Plan
No plateau changes beyond those approved in 2003-04

**PLAN C - Tuition Alternative for 2004-05**
Increase Rates per Credit Hour as approved by the Board in April 2003
No plateau changes beyond those approved in 2003-04

**PLAN D - Tuition Alternative for 2004-05**
Increase Rates per Credit Hour as approved by the Board in April 2003
Plateau: 15-18 Credit Hour Undergraduate Tuition; 12-15 Hour Graduate

*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>
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<tbody>
<tr>
<td>EOU</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>OIT</td>
<td>3.1%</td>
<td>15%</td>
<td>9%</td>
<td>-11%</td>
</tr>
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<td>OSU</td>
<td>5%</td>
<td>11%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>PSU</td>
<td>0%</td>
<td>0%</td>
<td>8%</td>
<td>0%</td>
</tr>
<tr>
<td>SOU</td>
<td>12%</td>
<td>17%</td>
<td>12%</td>
<td>8%</td>
</tr>
<tr>
<td>UO</td>
<td>12%</td>
<td>15%</td>
<td>12%</td>
<td>3.5%</td>
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<td>12%</td>
<td>6%</td>
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### Oregon University System

#### Tuition Increase Alternatives

**Plan A Proposed Plateau Changes**

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<th>Nonresident Undergraduate</th>
<th>Resident Graduate</th>
<th>Nonresident Graduate</th>
</tr>
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<tbody>
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<td>EOU</td>
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<td>None*</td>
<td>None*</td>
<td>None*</td>
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<tr>
<td>OIT</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>
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<tr>
<td>OSU</td>
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<td>No change</td>
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<tr>
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<td>None*</td>
<td>None*</td>
<td>None*</td>
<td>None*</td>
</tr>
<tr>
<td>SOU</td>
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<td>$175 per credit hr for 10-16 hrs</td>
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<tr>
<td>UO</td>
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<td>No change</td>
<td>No change</td>
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<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>
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**Plan B and Plan C Plateau Status - Same as Winter/Spring 2003-04**

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</tr>
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<tbody>
<tr>
<td>EOU</td>
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<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>OIT</td>
<td>12 - 15 hours</td>
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<td>9 - 15 hours</td>
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<td>9 - 16 hours</td>
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<td>None**</td>
<td>None**</td>
<td>None**</td>
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<tr>
<td>SOU</td>
<td>12 - 16 hours</td>
<td>12 - 16 hours</td>
<td>9 - 14 hours</td>
<td>9 - 14 hours</td>
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<tr>
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<td>9 - 12 hours</td>
<td>9 - 12 hours</td>
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**Plan D Plateau Status**

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*Plateau elimination approved by State Board July/October 2003

OUS BAM 5/2004
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<th>Plan D</th>
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<td>OSU</td>
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<td></td>
<td>18</td>
<td>1,628</td>
<td>18%</td>
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<td>PSU</td>
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<td>90</td>
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<td>12</td>
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<td>25%</td>
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<td></td>
<td>18</td>
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<td>20%</td>
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<td>SOU</td>
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<td>881</td>
<td>12%</td>
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</tr>
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<td></td>
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<tr>
<td></td>
<td>18</td>
<td>1,620</td>
<td>20%</td>
<td>90</td>
</tr>
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</table>
Oregon University System

2004-05 Estimated Tuition Revenue Increases
Estimated Revenues generated by Proposed Rate Increases and Plateau Changes

**Plans A - Current Plan Revenues**
Plan B generates the same total amount
*(in 000's of dollars)*

<table>
<thead>
<tr>
<th></th>
<th>Rate</th>
<th>Plateau</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EOU</td>
<td>544</td>
<td></td>
<td>544</td>
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<tr>
<td>OIT</td>
<td>268</td>
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<td>869</td>
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<td>OSU</td>
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<td>SOU</td>
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<td>WOU</td>
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<td>1,623</td>
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<td>Total</td>
<td>$11,516</td>
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<td>$24,638</td>
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**Plan C Revenues**
No Plateau Changes beyond those approved in 2003-04
Rates Increase at April 2003 Approved Rates

*(in 000's)*

<table>
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<tr>
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<th>Total</th>
<th>Decrease*</th>
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<tr>
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<td>(2,685)</td>
</tr>
<tr>
<td>PSU</td>
<td>5,954</td>
<td></td>
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</tr>
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<td>SOU</td>
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<td>(853)</td>
</tr>
<tr>
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<td>637</td>
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<tr>
<td>Total</td>
<td>$13,137</td>
<td>$5,954</td>
<td>$19,091</td>
<td>$(5,547)</td>
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</table>

*Decrease from Current Plan A

**Plan D Revenues**
Plateau from 15 - 18 Credit Hours
Rates Increase at April 2003 Approved Rates

*(in 000's)*

<table>
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<tr>
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<th>Plateau</th>
<th>Total</th>
<th>Change*</th>
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</thead>
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<td>(845)</td>
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<td>OIT</td>
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<td>$10,100</td>
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**Change from Current Plan A

OUS BAM 5/2004
Adoption of OAR 580-040-0300, Surplus Property Disposal

**Summary:**
The purpose of this rule is to establish parameters governing the disposal of surplus property by the Chancellor’s Office and the institutions of the Oregon University System (OUS).

**Background:**
In 2003, Senate Bill 437 gave OUS authority to dispose of surplus property independent of the regulations that govern other state agencies. The Chancellor’s Office Legal Affairs Office created a rough draft for discussion purposes and a conference call was held on October 23, 2003, with the campus purchasing managers and surplus property disposal staffs for initial input on the draft. The attorneys at the University of Oregon and Oregon State University had significant input thereafter into the draft that was revised to include campus input. On December 12, 2003, a copy of the revised draft was sent to the campus Directors of Business Affairs and the purchasing managers. Additional input was received from campus attorneys, and a final draft was sent out to the Directors of Business Affairs on March 23, 2004, with no further direction for change received.

The rule as proposed provides optimum latitude to the campuses in disposal of surplus property and scrap materials. Campuses may adopt their own rules in accordance with the OUS rule.

On May 14, 2004, OUS held a public hearing. No testimony or further input was received.

**Staff Recommendation to the Board:**
Staff recommends that the Board adopt OAR 580-040-0300 as presented below.

*(Board action required: roll call vote.)*

**SURPLUS PROPERTY DISPOSAL**

**580-040-0300 Purpose**
These rules establish, for the Institutions of the Oregon University System (OUS) and the Chancellor’s Office, a process for disposal of surplus and scrap property that safeguard’s state assets, creates efficiency in surplusing or scrapping, maximizes the value received for property that is surplus to institutional or the System needs, and is attentive to environmental impacts.

*Stat. Auth: ORS 351.210*

**580-040-0301 Definitions**
For purposes of OAR 580-040-0301 through 580-040-0311, unless context requires otherwise:
(1) “Board” means Oregon State Board of Higher Education.
(2) “Chancellor’s Office” means the offices that provide direct administrative support to the Chancellor and the Board, and are not part of an OUS institution.
(3) “Employee” means a person who, within the last twelve months, has been paid a wage for full-time, part-time, or temporary work by an institution or the Chancellor’s Office.
(4) “Federally Funded Surplus Property” means personal property, vehicles, and titled equipment, purchased with federal grant or other federal funds and that is worn-out, obsolete, or excess to the Chancellor’s Office or an institution’s needs, or otherwise unsuitable for intended use, the disposal of which would be to the financial benefit of the institution or Chancellor’s Office.
(5) “Institution” means any of the institutions of the Oregon University System.
(6) “President” means the chief executive officer of an Oregon University System campus or designee.
(7) “Scrap” means materials, including lost, mislaid, or abandoned property having no financial value or such low financial value as to make sale not cost effective.
(8) “Surplus Property” means all personal property, including lost, mislaid or abandoned property, vehicles and titled equipment that is worn-out, obsolete or excess to the Chancellor’s Office or an institution’s needs, or otherwise unsuitable for intended use, the disposal of which would be to the financial benefit of the institution or Chancellor’s Office.


580-040-0302
General
(1) The Chancellor’s Office and Oregon University System institutions may, in accordance with these rules, dispose of any worn out, obsolete, scrap, or otherwise unsuitable surplus property, the disposal of which would be to the benefit of the Chancellor’s Office or the institution, except as set forth in subsection (2).
(2) These rules do not apply to any equipment, goods, supplies, material, information technology or other personal property encumbered by a certificate of participation that will be disposed of in accordance with applicable law.


580-040-0303
Delegations
These rules apply to the Chancellor’s Office. An institution may follow the procedures set out herein or adopt its own rules, which rules will conform to the purposes set out below. Prior to adoption, the OUS Senior Vice Chancellor for Finance and Administration must approve the rules developed by the campuses. In addition, the State Board of Higher Education delegates to each president responsibility for implementing these rules or rules adopted by that institution.

Purposes: Rules developed for surplus and scrap property will:
(1) Safeguard state assets;
(2) Create efficiency in surplusing or scrapping;
(3) Maximize the value received for property to the extent consistent with efficiency; and
(4) Attempt to reduce negative environmental impacts.
Environmental Standards
Disposal of surplus property and scrap will be accomplished in accordance with all state, federal, and local regulations regarding environmental health and recycling. If ownership of surplus property or scrap is transferred to another party, the institution, or Chancellor's Office transferring the property must document passing of title. The acquiring party assumes environmental responsibility when title transfers.

Maintenance of Proper Inventory Records and Justification of Sale or Disposal
(1) The Chancellor's Office and institutions will each set thresholds and standards that identify by value or type, for personal property for which disposal records must be maintained.
(2) Disposal records for assets, whether or not capitalized, will include the following information:
   (a) Description of property and, if capitalized, asset number; and
   (b) Reason, date, and method of disposal.

Disposition of Federally Funded Surplus Property
Federally funded property will be disposed of in accordance with applicable federal law or federal grant terms, if any. Otherwise, such property will be disposed of in accordance with these rules, or institution rules adopted hereunder.

Disposition of Property Acquired by Gift
Disposition of property acquired by gift will be in accordance with the Internal Revenue Code and any restrictions applicable to the property. Otherwise, the property will be disposed of in accordance with these or institution rules adopted hereunder.

Exchange or Trade-in Option.
The Chancellor's Office or institution may exchange or trade-in property when such exchange or trade-in is in the best interest of the Chancellor's Office or institution and is otherwise in compliance with applicable rules or policy. Exchange or trade-in will be considered disposal for purposes of these rules. Records will be kept regarding the valuation methodology used in evaluating the relative benefits of trade-in, exchange or sale.
580-040-0309
Transfer of Property to a Collaborating Government or Non-Profit Institution
Transfers of surplus property or scrap may be made to a collaborating government or other non-profit institution when intended for institution purposes and consistent with restrictions on its transfer.

580-040-0310
Method of Disposal; Eligibility to Acquire
(1) The Chancellor’s Office or institution will use a method of disposal that is cost-effective, taking into account the costs of disposal and the potential for financial return. Disposal methods include, but are not limited to, exchanges, trade-ins, auctions, sealed bid sales, scrapping, fixed price retail sales, donation to other state agencies, Oregon political subdivisions, public non-profits, web-based auctions or sales and, for scrap, transfer for no valuable consideration.
(2) No current or former employee or agent for such will be granted any benefit or opportunity not granted the general public in acquisition of items through the disposal process.
(3) All property is conveyed “AS-IS, WHERE-IS” with no warranty, express or implied, of merchantability or fitness for a particular purpose, or any other warranties or guarantees. A purchaser or disappointed bidder will have no recourse against the State of Oregon, the Oregon University System, an institution, or any of their officers, employees, or agents. All sales will be final.
(4) The Chancellor’s Office or institution may provide that payment may be made by credit card, cash, cashier’s check, personal check, wire transfer, or money order.
(5) Surplus property paid for, but not claimed with the time specified in the sales terms and conditions will be conclusively considered the property of the Chancellor’s Office or institution and may be disposed of in compliance with these rules.
(6) Title to surplus property or scrap is transferred to the purchaser when the Chancellor’s Office or institution makes the item available to the purchaser either by the purchaser, purchaser's agent, or purchaser's or institution's designated shipper taking possession of the item. Surplus property must be paid for in full before the institution or Chancellor’s Office will make it available to the purchaser. Purchaser assumes all responsibility, including risk of loss or damage, for the item when title is transferred.

580-040-0311
Disposal of Computer and Other Electronic Storage Devices and Media
Prior to disposal of any computer, computer peripheral, computer software, electronic storage device, or storage media device, the Chancellor’s Office or institution will, as applicable, completely erase or otherwise render unreadable all information, data, and software residing on the Device, unless the information, data, or software is to be conveyed and may be conveyed lawfully.
Request to Emergency Board for Salary Adjustments for Selected Faculty

**Purpose:**
The Department of Higher Education is seeking approval of a pilot program to retain faculty members who are considering leaving the Oregon University System. The program would establish a “fighting fund,” generated from savings in the Chancellor's Office budget, to offer compensation increases to a limited number of tenure and tenure-track faculty whose work generates significant economic benefit to Oregon. The pilot program is intended to prevent further loss of top quality faculty members during the remainder of this biennium. If successful, the Board will consider extending the program to deal with legislatively determined salary restrictions.

**Background:**
The 2003 Legislature, at the Governor’s recommendation, adopted a wage freeze for all state employees for the 2003-2005 biennium. House Bill 5077 included the following budget note for the Department of Higher Education:

> The adopted budget does not support any increases in salaries, wages, or benefits for the employees of the department during the 2003-2005 biennium, and the Committee expects no such increases to be awarded.

The current biennium wage freeze compounds long-standing concerns regarding the level of faculty salaries in Oregon compared with universities in other states. According to a survey released by the American Association of University Professors for the 2003-04 academic year, Oregon salaries for full professors were 15 to 24 percent below the national average for similar types of institutions. Oregon salaries for associate professors were 6 to 20 percent below the national average; assistant professor salaries were 5 to 19 percent below the nationwide average.

Higher education operates in a truly national labor market, particularly for top quality academics. The Department is concerned that an increasing number of faculty members are leaving the state due to compensation issues. The Board conducted a faculty retention survey in February 2004 and found that 21 faculty members had recently left, an additional 19 were believed to be negotiating with other institutions, and 26 more were considered highly likely to be approached within the next six months. Many of these faculty members, in addition to their teaching and public service, bring significant amounts of grant funds to the state. Of the 21 faculty members who have already left the System, eight had grants in the current academic year totaling an estimated $3.5 to $4.3 million.

**Faculty Salary Proposal:**
1. Establish a pilot program that will allow the Board of Higher Education to increase compensation for faculty members whose continued employment in Oregon has significant economic development implications. *(Establish as a pilot program in case*
the state’s salary freeze is extended or the Board wants to establish a “fighting fund” for retention purposes.)

2. Reserve $0.5 million in state General Funds (available from reductions in the Chancellor’s Office budget) to fund the pilot program. Universities will contribute Other Funds Limited revenues to fund compensation increases in proportion to the campus General Fund split. Universities will provide all funding for employees funded by gift, grants, and contracts.

3. Using these funds, authorize the Board to grant salary increases of up to 10 percent for a maximum of 200 tenured and tenure track faculty members prior to the end of the 2003-2005 biennium, if the faculty member has an offer of employment from another organization at a salary in excess of the faculty member’s current salary. Also, faculty members that have recently been awarded a prestigious prize or award, been elected as a Fellow or member of a prestigious academy, or honored for meritorious activities denoting a national or international reputation in the faculty member’s field may be considered for an increase.

4. In order to request a salary increase from the Board, a university president must provide the following information to the Chancellor’s Office:

   a. The identity of the faculty member;
   b. Current salary and requested increase;
   c. Source of the funds that will be used to fund the proposed increase;
   d. To the extent possible, information regarding the offer from the outside organization including salary and non-salary components;
   e. Any non-salary components of the proposed OUS counter offer;
   f. The impact, if any, of the salary increase on other faculty members at the institution;
   g. Where appropriate, a list of grants and contracts awarded in the current academic year, including the amount of each and their expiration date;
   h. Documentation of recent awards, prizes, elected positions, or meritorious activities demonstrating the national or international reputation of the faculty member.
   i. Assurances of the sustainability of gift or foundation funds intended to permanently fund the proposed increase; and
   j. A description of the benefits to the institution and the state resulting from the increase.

5. The Chancellor’s Office shall provide appropriate forms for the presidents for submission of requests for salary increases. The Chancellor’s Office shall report to the Department of Administrative Services (DAS) and the Legislative Fiscal Office quarterly on faculty salary increases approved by the Board.
6. The presidents shall also prepare a report to the Chancellor on all faculty promotions to higher rank. The report shall include the salary before and after the promotions. The Chancellor’s Office shall include this information in its report to DAS.

Staff Recommendation to the Board:
Staff recommends the Board approve the salary adjustment proposal and submit it to the Legislative Emergency Board.

(Board action required.)
ASET Initiative

The AAWG Committee will be presenting the proposed ASET parameters to the Oregon State Board of Higher Education (Board) at the June Board meeting, and will work to finalize the structure during the summer as funding options are explored with the Governor’s Office and the State Economist. It is likely that the final funding mechanism will require revisions to eligibility or other grant features. On April 14, a Legislative Concept was filed as a placeholder with the Department of Administrative Services called Access Scholarships for Education Trust (580-02), with the final due on July 1, 2004. The brief description notes that the concept is to “reduce financial barriers to attaining postsecondary education in Oregon,” and includes the intent, pending OSBHE approval, to develop a proposal for a legislatively referred constitutional amendment to establish an endowment for financing access for postsecondary students.

Driving Concepts:
A higher level of educational attainment for all Oregonians is critical to the prosperity and security of Oregonians and positioning our small state at the leading edge of a globally competitive economy. The educational attainment level of the adult working-age population is linked to a state’s economic health (e.g., average personal income, poverty levels, unemployment rate) and capacity to develop a workforce with the right skill sets for high-wage knowledge work and innovation.

Being able to afford a college education is a priority to Oregonians—parents, neighbors, and grandparents wonder if their children will be able to attend college at all. According to a recent study, more than 70 percent of Oregonians rated college affordability as “very important” (Adam Davis, Meeting of the OSBHE Meeting, March 4, 2004). Yet, higher college tuition and fees and the total cost of a college education have created an opportunity and affordability gap in Oregon. This “gap” is the difference between what a student can pay and what a student must pay to go to college.

This is not surprising given (1) the rapid rise of college tuition and fees at Oregon’s public two-year colleges and four-year universities without a corresponding increase in student financial assistance, (2) the fact that average personal income level share increased only two percent in the last five years, (3) people without college degrees actually have experienced income losses since the 1970s, and (4) Oregon has one of the highest unemployment rates in the nation. These conditions have created a situation in which only the most well-off Oregonians will be able to attend college.

Governor Kulongoski called upon the reconstituted Oregon State Board of Higher Education to reconnect postsecondary education to its statewide mission—access—and better align higher education with the statewide priorities. In a recent speech, the

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1 The U.S. Census Bureau reports that 25.9 percent of Oregon’s population 25 years and over has at least a bachelor’s degree.
Governor called upon the postsecondary education community to work collaboratively to design an access program that would benefit all Oregonians:

*I'm asking all Oregonians to join me in creating a fund that will support access to college for every eligible Oregonian – and to put this fund in the Constitution where it will serve as an economic engine for generations to come. (need date)*

The Board responded by creating the Access and Affordability Working Group (AAWG), one of three Working Groups tasked to develop strategic directions for postsecondary education linked to advancing Oregon’s economy. The Board charged the AAWG with drafting policy goals and objectives, proposing basic policy elements for access scholarships, costing policy alternatives in relation to the objectives, drafting an amendment to the Oregon Constitution, and proposing performance measures or yardsticks to demonstrate successful outcomes.

**Board Access and Affordability Working Group Process**

Tim Nesbitt, OSBHE Director, and Nan Poppe, Campus President, Portland Community College, Extended Learning Campus, serve as Co-chairs to the OUS Board Access and Affordability Working Group. Other members include two OSBHE Directors, Bridget Burns and Howard Sohn; Paul Bragdon, President, Lewis and Clark College; Samuel Brooks, President, Oregon Association of Minority Entrepreneurs; Randy Choy, Program Officer, Oregon Community Foundation; Vanessa Gaston, President and CEO, Urban League of Portland; Roman Hernandez, Attorney, Schwabe, Williamson, & Wyatt, PC; and Kate Peterson, Student Financial Aid Director, Oregon State University.

Since March 2004, AAWG has held six public meetings and completed a series of fact-finding and development activities. *(Attachment A due June 1 summarizes data findings)* The AAWG has reviewed data and information about the cost of attending college as well as policies that increase the affordability of college used by higher-performing states. The AAWG is in the process of developing a proposal for increasing need-based financial aid for students entering postsecondary education for a first undergraduate degree or certificate.

This status report to the Board reflects the discussion with the Working Group, resource experts, and interested parties attending the public meetings. Other stakeholder groups were briefed prior to the June Board meeting including the financial aid community, presidents of OUS campuses, Oregon’s community colleges, private/independent,

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2 Non-voting “Resource Experts” participated in the meetings. These experts include Cam Preus-Braly, Commissioner, Oregon Department of Community Colleges and Workforce Development (CCWD); Julie Suchanek, Director of Communications and Student Issues, Oregon Community College Association (OCCA); Gary Andeen, Executive Director, Oregon Independent Colleges Association (OICA); John Wykoff, Executive Director, Oregon Student Association (OSA); Brian Clem, Chair, Oregon Student Assistance Commission (OSAC) Board; Jeff Svjecar, Executive Director, OSAC; MardiLyn Saathoff, Governor’s Policy Advisor for Higher Education; and Mark Ellsworth, Loaned Executive, Department of Administrative Services (DAS). These resource experts not only provided data and information, but important reality checks for this Working Group.
non-profit four-year colleges in Oregon (OICA members), and a joint legislative higher education working group convened by Senator Schrader.  

Before advancing the developing legislative concept in the policy development process, we seek the Board’s reactions to the overall direction represented in the objectives and proposed policy elements. By the time of the Board meeting, AAWG will have cost estimates of the proposals to better reflect upon the priority of need-based assistance, the magnitude of the investment, and priorities for phasing in access scholarships should funding fall short of budget projections. (Attachment B by June 1)

**Draft Policy Goals and Objectives**

The goals and objectives espoused include:

- To expand access and make postsecondary education more affordable for all Oregonians;
- To increase the number of Oregonians who are successful in achieving their individual postsecondary goals; and
- To ensure the well-educated workforce required by Oregon’s current and potential employers (Oregon Benchmark target of 45 percent of Oregon adults with at least bachelor’s degrees by 2010).

**Proposed Policy Elements**

In deliberations, it was concluded that the Oregon Opportunity Grant (OOG) is perceived as a good product with value. However, the pressure to fund more eligible students without corresponding increases in revenues has resulted in fewer qualified students receiving an award.

Instead of creating a new or parallel grant program, the AAWG recommends using the brand name "Oregon Opportunity" for the endowed trust. It is projected it would take up to ten years to create an endowment with a corpus sufficient to generate interest income to support access scholarships. If the Board concurs that this is a critical need today, bridge funding would be needed in this biennium and the next several biennia to support the increased demand for the OOG. (Attachment C due on June 1 with estimates for bridge funding)

The design specifications for redesigned and better-funded access scholarships include six elements:

1. Use OOG to leverage the federal Pell Grant. (Varies from OOG policy.)
   - Streamline processes related to determining eligibility and setting award levels;

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3 Senator Frank Morse, Representative Susan Morgan, Representative Alan Bates, and Representative Betsy Johnson.
4 Mark Ellsworth, loaned executive, DAS, is working with a small group to determine cost parameters and postsecondary capacity needed.
• Include income and assets in determining eligibility (excludes primary dwelling and automobile);
• Replace income eligibility cut off (cliff) with a graduated income cut off (slope);
• Extend eligibility to students from middle-income families.

2. Base eligibility of students on acceptance into an academic program leading to a degree (associate’s and bachelor’s degree) or certificate (courses are pathways to degree programs), maintaining full- or half-time enrollment, and making adequate academic progress. (Current OOG policy.)

3. Allow students to chose to apply the access scholarships toward tuition and fees at any eligible two- or four-year college or university in Oregon. (Current OOG policy.)

4. Reduce the financial barrier to postsecondary education by tying the level of award to tuition and fees. (Varies from OOG policy.)

5. Set the maximum grant amount available to any eligible student equal to no more than the average of full-time resident undergraduate tuition and fees of the seven OUS universities, with the actual award not to exceed actual tuition and fees charged by the enrolling institutions.\(^5\) (Varies from OOG policy.)

6. Providing other criteria are met, the length of eligibility would be 150 percent of required program time (six years for a 4-year bachelor’s and three years for a 2 year associate’s degree).

In recommending these major policy elements, we acknowledged that a college education is a major investment today. The responsibility for providing the resources involves appropriate contributions by various partners—the student, the family, state and federal governments, employers, and philanthropic organizations. It would be useful to have a statewide conversation about the proportion each partner should contribute to optimize diversity in postsecondary education opportunities (e.g., economic, racial/ethnic, geographic).

**Proposed Amendment:**
Pending the consensus of the Board that access is a high priority for Oregon and agreement on the basic policy elements, an amendment to the Oregon Constitution is proposed as follows:

**Preamble:**
Postsecondary education has become the gateway to economic opportunity, just as a high school diploma used to be. We the people of Oregon believe that a higher level of

---

\(^5\) The student must be full-time to be eligible for the average full-time tuition and fee grant. If the student is half-time, the grant amount would be calibrated against the tuition and fee charges for the average half-time tuition and fees at OUS universities.
educational attainment for all Oregonians is critical to the prosperity and security of the state and its people. Therefore,

The people of the State of Oregon add the following new section to the Constitution:

The Oregon Opportunity Trust is hereby established to make college education more affordable for all Oregonians and to increase the number of Oregonians who hold college degrees.

The program shall provide grants to residents of Oregon who have demonstrated the interest and ability to pursue higher education programs that lead to associate’s and bachelor’s degrees. Such grants shall be designed to reduce financial barriers to the pursuit and completion of such degree programs in Oregon’s eligible colleges and universities.

The grants shall be distributed to students in a manner that maximizes the successful participation of all income groups in higher education in Oregon in a cost-effective manner.

In addition, up to 10 percent of the grants awarded may be used to address exceptional statewide priorities needed to advance Oregon’s competitiveness in the global economy.

**Exceptional Statewide Priorities:**
Although the overall emphasis of AAWG has been on reducing financial barriers to college before anything else, the Governor’s priority of making targeted investments in higher education suggests that the recommendations of the other two Working Groups, Academic Excellence and Economic Development and Excellence in Delivery and Productivity, might come into play. Among the suggestions offered for targeted investments are loan forgiveness programs for critical occupations contingent on Oregon employment (e.g., health care, information technology), scholarships for talented students (“merit within need”), and incentives for community college students to transfer in the junior year to a four-year institution. The specific programs would not be fixed in Constitutional or statutory language to permit the greatest flexibility. A governing or advisory body would be formed to develop processes to evaluate, and terminate when no longer needed, targeted investment areas.

**Performance Measures:**
Among all the barriers to postsecondary education, financial ones consistently show up in research. Other important barriers include adequate preparation to do college-level work, the focus of Excellence in Delivery and Productivity Working Group. Possible indicators of realizing the access and affordability objectives identified supra include:

1. Number of associate’s and bachelor’s degrees produced using the full capacity of all Oregon institutions.
2. Number of students completing associate’s degrees that transfer successfully to a four-year institution and complete bachelor’s degrees.

3. Percent of low-income students that enroll in postsecondary education in Oregon following high school graduation and complete a degree.

4. Enrollment and degree completion gaps between the third, fourth, and fifth quintiles compared to the two highest income quintiles.

5. Performance gap in “affordability” of higher education for residents of Oregon compared to residents of California and Washington.

6. Average number of terms it takes to complete degrees or percent of students completing bachelor’s degrees within four years.

7. Average borrowing by Oregon undergraduates.

Challenging, but reasonable, targets of improvement are needed to track performance of students receiving grants compared to those who do not. We must demonstrate that the investment in access scholarships makes a difference in both individual and societal benefits.

Conclusion:
Many states have created strong need-based student financial aid programs that approach the value of the Pell Grant, thereby, leveraging the federal resources and creating a federal-state partnership or commitment to help students build human capital assets. Some states have enacted policies to maintain balance among state appropriations per student, tuition and fee charges, and student financial assistance. These include requiring state aid program adjustments for tuition and fee increases; setting aside a proportion of tuition and fee increases as fee remissions or tuition discounts for low- and moderate-income students,6 and/or basing tuition and fee increases on an independent economic indicator (e.g., such as the Consumer Price Index). As Oregon contemplates finding a new revenue source to expand need-based assistance, the Board may want to consider how to align other financing policies with an improved state financial aid policy.

These policies are designed to create stability, predictability, and choice for students and their families by providing the conditions for students to make better enrollment choices that have long-term consequences—taking on debt loads they can comfortably afford to pay back, working fewer hours to focus on academics and get started earlier on careers, attending full-time instead of part-time or attend part-time consistently, and holding on to aspirations for a college education.

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6 The University of California System requires UC campuses to set aside 30 percent of tuition and fee increases for need-based assistance. The System is currently considering a reduction to 20 percent.
Many Oregonians, including the Governor, recognize that a college education deeply changes a person’s prospects for a better life and, in turn, contributes to a better Oregon. Children from minority and low-income groups in Oregon do not have the same opportunities to go to college that they have in other states. Yet, these children are a growing share of Oregon’s future workers, parents, and citizens. In a recent speech, the Governor called upon the postsecondary education community to work collaboratively to design an access program that would benefit all Oregonians. This report summarizes the work completed to date and is the result of a collaborative effort.

(Board action required.)
SOU, Master of Music (Conducting)

Southern Oregon University proposes to offer its existing American Band College program as a “stand-alone” degree program, effective summer 2004. Since its initiation in 1989, the American Band College has been housed within the framework of options that constitute the interdisciplinary Master of Arts/Science in the School of Arts and Letters. As part of the academic program of SOU’s Department of Music, the American Band College is accredited by the National Association of Schools of Music (NASM). In its most recent accreditation review, NASM recommended renaming the degree awarded for completion of the American Band College program to become a master’s in music since its curriculum closely resembles that of a music degree versus an interdisciplinary degree.

The American Band College is unique; its curricular design does not replicate master’s programs elsewhere in the region or country. SOU’s mission encompasses excellence in the fine and performing arts and education. Preparation and continuing education for music teachers and band directors relate directly to these mission strengths.

The Master of Music (Conducting) offers 18 credits of band director pedagogy, 9 credits of practical applications, 9 credits of research, and an additional 9 credits of non-music electives, for a total of 45 required credits. This highly structured yet customized program spans a three-year (three-summer) period. All students are tested upon entry in 40 areas of required knowledge. Based on assessment outcomes, students focus on improving their knowledge and skills in unmastered areas via the practical applications courses. They play instruments each day in large ensembles where they sight-read new music and present several public performances conducted by six internationally known conductors. In addition to these activities, students complete exit exams in which they demonstrate teaching proficiency in woodwind, brass, and percussion. They also conduct a diagnostic band that is coached to perform certain errors that must be identified and corrected.

From 40 to 60 new students enter the program each summer, for a current running level of approximately 170 students. They are drawn from middle school (45 percent), high school (45 percent), and postsecondary (10 percent) band directors representing over 40 states.

Six SOU music faculty anchor the program. In addition, and distinctive to this program, American Band College has attracted to date over 100 short-term faculty from the U.S. and Europe who are music faculty at other universities and conservatories, orchestra musicians, and directors of famous bands. These visiting faculty, who are outstanding performers and teachers, rotate on a three-year plan.

Leading musical instrument manufacturing companies, such as the Selmer/Ludwig Company, provide valuable donations of equipment each year. One of the most significant program resources is the vast collection of recordings and musical scores (over 35,000 items) contributed continuously by publishers to the American Band College.
College library. This collection is open as well to the Department of Music and for special purposes.

Since its inception, the American Band College has been funded by student tuition paid to the Western International Band College, a non-profit corporation. SOU’s Extended Campus Programs division handles administrative arrangements for the program, which operates on a self-support basis. Transitioning the program to a new degree title will require no new resources and will have no adverse effect on SOU’s resources.

All appropriate University committees and the OUS Academic Council have positively reviewed the proposed change in program status and degree title.

Staff Recommendation to the Board:
Staff recommends that the Board authorize SOU to change the status of the American Band College program from inclusion within the Master of Arts/Science in Arts and Letters to the Master of Music (Conducting), effective summer 2004.

(Board action required.)
2005-2007 Budget Development Status Update: Policy Package, Budget Reductions and Tuition Increases

**Legislative Concepts Proposed by the Academic Excellence/ Economic Development Working Group**

One of the aims of the Academic Excellence/Economic Development (AE2D) Working Group is to collaborate with other agencies, sectors, and organizations on the shared goal of enhancing the economic vitality of the state, especially as that goal can be advanced through partnerships with postsecondary institutions. To that end, the legislative concepts recommended by AE2D in this first phase of its work will focus on reinforcing selected concepts and policy packages proposed by the Oregon Council for Knowledge and Economic Development (OCKED), the Engineering and Technology Industry Council (ETIC), the Oregon Economic and Community Development Department (OECDD), other working groups of the Board of Higher Education and individual OUS campuses.

More than a dozen proposals are currently under review by AE2D. These include proposals related to governance and agency coordination in economic development; promotion of research commercialization; growth of knowledge based businesses; capacity building in engineering and technology; continued support of Oregon’s nanotechnology signature research; product development in the areas of sustainability, agriculture, and natural resources; rural economic development; and increasing the supply of medical personnel. As the AE2D review proceeds, there may be other agency or campus proposals added to the list.

The AE2D anticipates completing its review during June and including a specific set of legislative concept or policy package recommendations for the July Board budget presentation.

**Update on 2005-2007 Budget Development**

**Preliminary Essential Budget Level Estimate:**
The preliminary 2005-2007 OUS Essential Budget Level (EBL) is estimated at $1.6 billion for the Education and General Program, with an approximate $100 million increase above the 2003-2005 Legislatively Approved Budget (LAB) required to maintain the current program levels into the next biennium. The state General Fund portion would need to increase by $43 million (8 percent) and Other Funds Revenues, made up largely of tuition and fees, by $57 million (6 percent) for the EBL.

The EBL is developed according to Department of Administrative Services requirements and includes adjustments above the 2003-2005 LAB for projected cost increases as follows:
(In millions of dollars)

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<td>Classified Staff Merit Increase</td>
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<td>13</td>
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<tr>
<td>New Building Operations</td>
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<td>State Government Service Charges</td>
<td>16</td>
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<tr>
<td>Other Adjustments</td>
<td>4</td>
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</tbody>
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The Essential Budget Level does not include 2005-2007 cost increases for employee salaries and health benefits, which are budgeted separately by the Governor’s Office. Also excluded from EBL are funding for enrollment growth and for any additional faculty salary increases that may be proposed.

Once the Essential Budget Level is calculated, policy package requests may then be submitted for budget increases above the EBL to support high priority initiatives. For 2005-2007, agencies are also required to submit reduction scenarios equal to 10 percent and 20 percent of the EBL due to the state revenue shortfall.

Staff will request Board approval of the 2005-2007 Agency Request Budget at the July 2004 Board meeting.

Other Funds Revenue Estimates:
Campuses are projecting that tuition revenue increases ranging from 6 percent to 10 percent in 2005-06 and from 3 percent to 8 percent in 2006-07 will be required to maintain current programs, cover salary and benefit increases, and avoid budget reductions. These estimates are based on the assumption that the state General Fund would cover the $43 million in cost increases identified above as well as the state-funded portion of salary and benefit increases.

Note: All of these estimates are preliminary and are subject to changes as OUS staff work with Department of Administrative Services and campus staff to refine the estimates over the next three months.
OUS Diversity Report 2004

Addressing the Needs of an Increasingly Diverse Society

Office of Academic Affairs
P.O. Box 3175
Eugene, OR 97403

Prepared for the
Oregon State Board of Higher Education
June 3-4, 2004

For more information:

Yvette Webber-Davis
Director, Diversity Planning & Special Projects
Oregon University System
P.O. Box 3175
Eugene, OR 97403

Phone: (541) 346-5727
E-mail: yvette_webber-davis@ous.edu
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Executive Summary

For several years, the Oregon University System (OUS) has worked to enlighten State Board of Higher Education members, university populations, and the general public about the importance, appropriateness, and dynamics of higher education diversity efforts. Annually, the Board receives an update of initiatives, relevant state and national trends, and progress made toward enhanced OUS racial/ethnic diversity. The purposes of the 2004 OUS Diversity Report are:

1 – to inform the newly configured State Board of Higher Education about the broad scope of diversity issues within OUS
2 – to provide an overview of current university initiatives that support diversity considerations within the missions of public higher education
3 – to monitor the progress made in enhancing the diversity of students, faculty, and staff within OUS (Note: A comprehensive data review of OUS progress was conducted for the 2003 OUS Diversity Report Student, Faculty, and Staff Racial/Ethnic Diversity: A Retrospective of Five- and Ten-Year Progress. The current report includes an update of the related data.)

The report includes an overview of the relevance of diverse educational environments and descriptions of the current initiatives within OUS to enhance the representation, inclusion, and engagement of diverse racial/ethnic populations. The issues associated with higher education diversity are multifaceted. Within OUS, the vision for diversity is a comprehensive and ongoing consideration that extends beyond mere numeric representation. Initiatives relating to representation seek to provide opportunity, enhance campus environments, and fulfill the mission of public higher education institutions as dynamic establishments that support surrounding communities and guide the production and attainment of knowledge that moves society forward. Activities that promote inclusion and engagement (i.e., quality of experience) seek to create environments that are progressive and responsive, provide benefits for all OUS populations, and that celebrate the achievements and contributions of all participants.

Selected OUS Data Highlights (fall 2003 compared with five- and ten-year data from 1992 through 2002)

Student Enrollment

- The total enrollment of African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino students was 10,543 (13.3%) in fall 2003. This represents an increase from 10,068 (12.9%) in fall 2002 and 6,813 (10.7%) in fall 1992.
• The total enrollment of students reporting more than one race was 700 (0.9%) in fall 2003. This represents an increase from 678 (0.9%) in fall 2002 and 212 (0.3%) in fall 1997 (these data are unavailable for fall 1992).

**Degrees Awarded**

During 2002-03, African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic OUS students earned 1,724 (11.3%) degrees. This total represents an increase from 1,477 (10.8%) during 2001-02.

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

**Full-Time, Ranked, Instructional Faculty**

A total of 267 (11.2%) African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino full-time, ranked, instructional faculty worked within OUS during fall 2003. This represents an increase from 264 (10.4%) in fall 2002 and 126 (5.2%) in fall 1992. The representation of African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino full-time, ranked, instructional faculty more than doubled in the ten-year period from 1992 to 2002.

As OUS continues to address the needs of an increasingly diverse society, recommendations include the incorporation of diversity considerations throughout statewide and OUS strategic planning, ongoing monitoring and flexibility of student-related diversity efforts aligned with the changing national dynamics of higher education diversity, continuation and enhancement of outreach and opportunity in K-16 efforts, continuation and enhancement of faculty diversity efforts, and continued research into the educational and societal benefits of higher education diversity.
Introduction

Since 2000, the Oregon University System (OUS) annual diversity report has provided both a "vision" for diversity with continuing themes regarding the enhancement of representation, inclusion, and engagement, and an overview of the progress made in racial/ethnic diversity within the populations of OUS students, faculty, and staff. Diverse educational environments are beneficial to all involved and provide a rich arena for a robust exchange of ideas through effective attention to the traditional public university missions of teaching, learning, research, and community service. The paradigm for this framework is provided in Figure 1 below. The purposes of this report are:

1 – to inform the newly configured State Board of Higher Education about the broad scope of diversity issues within OUS
2 – to provide an overview of current university initiatives that support diversity considerations
3 – to monitor the progress made in enhancing the diversity of students, faculty, and staff within OUS (Note: A comprehensive data review of OUS progress was conducted for the 2003 OUS Diversity Report Student, Faculty, and Staff Racial/Ethnic Diversity: A Retrospective of Five- and Ten-Year Progress. The current report includes an update of the related data.)

Figure 1

The Benefits of Diversity
Societal, Workforce, and Personal Benefits
The issues associated with diversity are multifaceted. Within OUS, the vision for diversity is a comprehensive and ongoing consideration that extends beyond mere numeric representation. The report includes brief descriptions of the initiatives taken within OUS institutions to enhance representation, inclusion, and engagement.

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

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

Like many states, Oregon is experiencing increased diversity within its population. Figure 2 provides an overview of race/ethnicity distributions within the general population, among Oregon’s public high school graduates, and within the population of first-time freshmen students within OUS institutions.

Figure 2

Oregon has an increasingly diverse population, with Hispanics representing the largest growth.
- Hispanics accounted for 9 percent of Oregonians in 2002, up from 4 percent in 1990.
- Oregon’s African American, Asian, and American Indian populations have remained relatively stable.

Increasing numbers of students of color are in the K-12 pipeline.
- From 1992 to 2002, the enrollment of Oregon’s public K-12 students of color increased from 12.5 percent to 21.4 percent. The largest increase has been among Hispanics, which grew from 5.3 percent to 12.2 percent.
• Of Oregon’s 67,591 Hispanic students in public K-12 during 2002-03, more than half were enrolled in grades K-5.
• Students of color constituted more than 16 percent of Oregon’s public high school completers in 2002-03.
• High school dropout rates are a lingering concern. Overall, 4.9 percent of Oregon’s high school students dropped out in 2002-03 but higher rates were experienced among African Americans (9.0%), American Indians (6.3%), and Hispanics (9.1%).

OUS enrollments of African American, American Indian, Asian/Pacific Islander, and Hispanic students continue to increase. (Note: These data do not include Oregon community college enrollments).
• In fall 2003, students of color represented 15.3 percent of all OUS first-time freshman enrollment (up from 13.6 percent in 2002).
• Students of color represent approximately 13.3 percent of total OUS enrollment (up from 12.9 percent in 2002).
DATA

Considerations of Race/Ethnicity Data - A Period of Transition

Background
A growing diversity within the U.S. population, combined with awareness of the need to move forward in recognizing the mixed-race heritage of many people, has precipitated changes in the way in which race/ethnicity data are captured. These changes are most evident in the collection of year 2000 U.S. Census data in which respondents were afforded, for the first time in this country’s history, the opportunity to self-identify more than one race. Respondents could mark as many discrete racial categories as they desired. Census 2000 records indicate that 97.6 percent of the U.S. population reported one race, and 2.4 percent reported two or more races. The West Coast has the largest concentration in this country of people who elect to report more than one race, at 40 percent of those reporting two or more races. By comparison, the South had 27.1 percent of “two or more races” respondents; the Northeast had 18 percent; and the Midwest had 15 percent. (Census 2000 Brief – “The Two or More Races Population: 2000”)

In addition to the modification in the ability to report more than one race, the 2000 Census included the opportunity for respondents to indicate Hispanic/Latino ethnicity along with a racial category(ies). Another change in the Census related to the separation of the Native Hawaiian population from the previously used Asian/Pacific Islander population. These changes represent advances in the recognition of the uniqueness associated with many populations within this country. Census experts caution, however, that comparisons with previous Census data or data collected from other sources may not be accurate – particularly for those reporting multiple designations of race that cannot effectively be compared with data collected in earlier years.

Data collection mechanisms for educational and other types of race/ethnicity reporting have not yet been modified to reflect the changes found in the 2000 Census. The current federal educational data reporting standards, including the Integrated Postsecondary Education Data System (IPEDS), are consistent with pre-2000 Census data. For this reason, there is not currently a match between 2000 Census and educational data sources. For example, educational reporting still broadly maintains a) discrete categories for the collection of race/ethnicity data with no ability to designate more than one race; b) the inclusion of Native Hawaiians in the Asian/Pacific Islander category; and c) Hispanic/Latino as a discrete category with no opportunity to identify race in addition to Hispanic/Latino ethnicity. There have been delays with the establishment of a modified race/ethnicity collection and reporting mechanism standard by IPEDS; however, it is anticipated that these changes will occur within the next few years. Once the new standards are established, institutions may re-survey existing populations and reconcile existing data with a new format. It is advised, also, that educational institutions pose the race/ethnicity data collection question in a standard
(either a one- or two-question) format in order to gather comparable data. Decisions are yet to be firmly established at the federal level regarding the use of a multiple check format (consistent with the 2000 Census collection) versus the opportunity to check one box designating more than one race within collection standards. Research has found that differing results are garnered depending upon the format used. Given the likely expense that will be associated with this endeavor, OUS and other educational entities are waiting for the national standards to be established before attempting to modify the existing collection formats.

**OUS Race/Ethnicity Data**

There is recognition within OUS of the enhanced designations of racial/ethnic diversity. Consistent with national trends—particularly on the West Coast—OUS is experiencing increasing numbers of individuals who desire to indicate more than one race. The 2003 and 2004 OUS Diversity Reports include the data reported by students within OUS institutions who designate more than one race. It should be noted that OUS student race/ethnicity data are collected via the application for admission forms designed and utilized by each OUS institution. Given the variation in the questions posed to collect race/ethnicity data on these forms, the fact that self-reporting race/ethnicity is optional, and the fact that people in general may not have a complete understanding of the differences in data collection for various purposes, these data may not be comparable with future internal and external collections of race/ethnicity data once a new standardized protocol is established.

Current compilations of OUS data for faculty/staff, collected as an optional response item to assist with affirmative action employment plan purposes, adhere to the previously established (pre-Census 2000) format. The legacy nature of a large portion of the faculty and staff race/ethnicity data (i.e., data collected historically during an era when people tended to consistently report only one race/ethnicity) differs from the more fluid collections of student data. The possible re-surveying of OUS populations, mentioned above, will eventually provide an opportunity to capture updated race/ethnicity information for faculty/staff as well. As OUS representatives work to address issues of reliability and validity in preparation for modified data collection, and make changes in accordance with federally required data collection and reporting protocols once these standards are established, future reports of race/ethnicity should provide additional detail for all OUS populations of students, faculty, and staff.

There have been increases over the years in the numbers of students, faculty, and staff who decline to respond to race/ethnicity data requests. These data are listed within the tables included as appendices to this report. **Student enrollment tables in this report include a column that identifies students who designates more than one race. However, Systemwide data for degrees awarded and faculty/staff representation are currently maintained, and included within this report, under the pre-Census 2000 standard.**
Comparative OUS Data

A comprehensive review of five- and ten-year trends in OUS data was completed in the 2003 OUS Diversity Report. The following provides a brief update of the data and, for additional comparative purposes, includes five-year comparators.

Total Student Enrollment

During fall 2003, total OUS enrollment reached 79,558 students (see Appendix A), an increase from 78,111 students in fall 2002. Figure X indicates that the enrollment of African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino students was 10,543 (13.3%) in fall 2003, up from 10,068 (12.9%) in fall 2002, and 8,441 (12.5%) in fall 1999. As noted earlier, a growing number of students either report more than one race or have unspecified race. The total enrollment of students reporting more than one race was 700 (0.9%) during fall 2003, a numeric increase from 678 (0.9%) in fall 2002, and 454 (0.6%) in fall 1999.

Enrollment by Race/Ethnicity

1999 to 2003

The enrollment of first-time freshmen African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino students represented 1,511 (15.3%) of all first-time freshmen during fall 2003 (see appendix B). This enrollment is up from 1,406 (13.5%) in fall 2002; however, the number of first-time freshmen students reporting more than one race was 106 (1.1%) in fall 2003, down from 143 (1.4%) in fall 2002.
Degrees Awarded
During the 2002-03 academic year, a total of 1,724 (11.3%) African American, American Indian/Alaska Native, Asian/Pacific American, and Hispanic/Latino students received OUS degrees (see Appendix C). As illustrated in Figure X, this total is up from 1,477 (10.8%) during 2001-02, and 1,368 (10.6%) during 1998-99.

Faculty/Staff Representation
During fall 2003, the total OUS workforce of 14,936 people (6,999 men and 7,937 women) included 210 (1.4%) African Americans; 544 (3.6%) Asian/Pacific Americans; 372 (2.5%) Hispanics; 151 (1%) American Indians/Alaska Natives; 11,890 (79.6%) Caucasians; 979 (6.6%) International faculty/staff; and 790 (5.3%) faculty/staff with Unknown race/ethnicity.

One common measure of faculty representation relates to those who hold full-time, ranked, instructional positions. Appendix D includes institutional and System totals for this population by race/ethnicity. Information is included within the appendix for international faculty as well. During fall 2003, a total of 267 (11.2%) African Americans, American Indians/Alaska Natives, Asian/Pacific Americans, and Hispanics were represented among OUS full-time, ranked, instructional faculty. This representation increased from 264 (10.4%) in fall 2002, and 218 (7.2%) in fall 1999.
Full-Time Ranked Instructional Faculty
1999-2000 to 2003-04

- Black, non-Hispanic
- American Indian/Alaska Native
- Asian/Pacific American
- Hispanic/Latino
- Unspecified
- International
OUS Diversity Initiatives

Considerations of higher education diversity enhancement activities are complex and evolving. Attention must be provided to educational factors (preparation and achievement), societal and cultural needs, the provision of opportunities for advancement, and compliance with pertinent court rulings. Student-focused efforts including outreach activities, admissions practices, scholarships, social, and academic support services, as well as faculty/staff – related initiatives, are important factors in the attraction and retention of diverse populations and in the provision of educational value to all higher education participants.

Consistent with university missions and the needs of the populations served by OUS institutions, OUS representatives engage in activities and initiatives to support enhanced diversity and to promote the educational benefits of diverse campus environments. Appendix E includes university mission statements (with selected diversity-related statements highlighted) from institutional websites. Following is an overview of current diversity initiatives, provided by university representatives, within each institution.

Eastern Oregon University (EOU)

Campus-wide Initiatives
EOU’s Diversity Committee is composed of elected members drawn from throughout the campus community. The committee’s mission and goals are closely aligned with the university mission and strategic plan with regard to representation, inclusion, and engagement of people of diverse backgrounds. The committee has recently addressed issues for an inclusive curriculum and diversity in the University’s Cornerstones Program. This academic year, the Provost has asked the Diversity Committee to:

1) assess the outcomes of current practices in terms of recruitment, retention, and advancement of diverse faculty, staff, and students; and
2) make recommendations to improve outcomes.

Student Outreach and Support
The Vice President for Student Affairs and staff are proactive in seeking solutions to enhance programs for diverse students. The Office of Student Affairs has organized and hosted two retreats to assist staff in building awareness and understanding of the various areas of diversity.

The Office of Admissions/New Student Programs has increased efforts to recruit students of color. An increase in the number of multicultural applicants demonstrates the progress being made. The Admissions and Native American Program offices have provided opportunities for admission counselors to attend conferences targeting students of color. One staff member in the Admissions/New Student Office is
responsible for outreach to students of color and for the planning and implementation of
the “Making College Happen” program.

The Native American Multicultural Student Service Office develops and delivers a
variety of student services to ethnically diverse students. Student clubs and
organizations host a range of programs designed to build awareness of cultural
diversity. These groups work together to increase opportunities to build bridges of
friendship and cultural understanding.

The Student Health Center staff has developed programs to address gender and culture
specific health issues. These programs include outreach and information to campus
cultural clubs, organizations, and diversity interest groups.

EOU supports several important outreach programs that address the K-12 pipeline. One
such program is the Native American Adolescent Mentorship Program (NAAMP). The
NAAMP is a volunteer mentoring program that connects college students and
community members with Native American youth. The primary goals of the program are
to build friendships, increase self-esteem, decrease absenteeism, and promote post
secondary education. This collaborative program between EOU, the Pendleton School
District, and the Confederated Tribes Umatilla Indian Reservation (CTUIR), is supported
by the three partners. Earlier this year, the NAAMP was awarded a three-year JUMP
Grant from the U.S. Department of Justice.

The School of Education & Business and the Native American Program work together to
recruit, retain, and graduate students in the field of teaching. The Native American
Teacher Education Program (NATEP) encourages students at the undergraduate and
graduate level to complete teacher licensure and return to their own community or
communities with high native/minority enrollments.

The Northeast Oregon Area Health Education Center (NEOAHEC) offers programs to
middle and high school aged students, and targets students from diverse backgrounds
to participate in these programs.

- **MEDQUEST**: Brings high school students to attend a five-day residential camp at
  Eastern Oregon University. MedQuest is a "hands-on" exploration designed to
  introduce students to career opportunities in health care.
- **MEDSTARS**: An advanced camp for students who have attended an introductory
  health career camp or have been in an intensive health occupations class at their
  school and have a definite goal to pursue a degree in the health field.
- **EOU SCIENCE CAMP**: A week long camp for youth between the ages of nine and
  14. Campers have five days of hands-on activities in Chemistry, Physics, Geology,
  and Biology plus recreational activities.
**Faculty/Staff Initiatives**
The Provost/Vice President for Academic Affairs supports ongoing initiatives to enhance diversity at EOU. Attention has been focused on improving the faculty candidate search process and identifying best practices.

At the request of the Provost, a revised *Search Process and Procedures Handbook* has been prepared by the Director of Human Resources and the Affirmative Action Officer (AAO). Included in all searches is a step where the AAO meets with search chairs and committees to review the legal parameters and institutional goals for recruiting a diverse faculty. In addition, the AAO works with the Human Resource Office and the Provost to assess methods and outcomes in the recruitment, advancement, and retention of diverse faculty.

Each fall the Provost and the Center for Teaching, Learning, and Assessment present a faculty orientation program designed for new and returning faculty, on policies and procedures covering various topics including Affirmative Action and Disability Services Programs, tenure, promotion, third year interim review, and annual evaluation. School Deans are encouraged to take action-orientated steps to ensure that topics of diversity are an integral part of teaching and learning. EOU faculty members who work on reforming the general education curriculum have implemented recommendations on how to best address diversity within the general education framework. The EOU Cornerstones Program has expanded its definition for the international experience to include areas of diversity within the United States.

The President provides ongoing support for a committee and center that work to address areas of concern for women and students of color. The President’s Commission on the Status of Women presents workshops and sponsors speakers. Annually, the Commission organizes a weeklong program to raise awareness of women’s issues in the celebration of International Women’s Week. The Commission has also been instrumental in the development and support of the Women’s Resource and Research Center.

**Oregon Institute of Technology (OIT)**

**Campus-wide Initiative**
OIT has a diversity initiative that is focused on increasing the number of women enrolled in engineering-related fields, including engineering technology and computing.

**Student Outreach and Support**
OIT efforts include introducing elementary through high school girls to careers in science and engineering, supporting female science and engineering students on campus, and encouraging female engineering students to seek a career as an engineering faculty member.
The WISE (Women in Science and Engineering) program is a women in engineering day conference which provides an opportunity for high school girls to meet professional female engineers on campus and to explore engineering careers. The “Saturday Experience” program is a series of Saturday programs on campus for students from local schools to create an interest in mathematics, science, and engineering. The “I’m Going to College” program brings sixth-grade female students to campus to expose them to college life, including an opportunity to tour the campus and attend a class in their area of interest. This program also includes a meeting with parents as a follow-up activity in their own elementary school. OIT also has a week-long summer residential program for junior high school students, TWIST (Teen Women in Science and Technology), which introduces them to engineering skills and careers.

For female science and engineering students on campus, OIT supports the SWE (Society of Women Engineers) organization. Regular social gatherings bring female engineering students into direct contact with other female engineering students and faculty members and provide an opportunity for them to explore the breadth of engineering and technology disciplines on campus.

Faculty/Staff Initiative
OIT has a National Science Foundation (NSF) funded program for the development of female faculty members for engineering, PFFEMS (Preparing Future Faculty in Engineering, Mathematics and Science). This program includes an active Learning Communities effort, as well as opportunities for development of teaching skills and educational pedagogies for the teaching fellows supported by the program.

Oregon State University (OSU)

OSU continues a range of diversity initiatives that enhance the ability to sustain an inclusive and supportive campus environment; to improve the capacity to be proactive and responsive; and to embrace a sense of community and acceptance.

Campus-wide Initiatives
- **Diversity and the Strategic Plan**: In support of the priorities outlined in the recently adopted OSU Strategic Plan, the Office currently known as Multicultural Affairs will be renamed, and will have a Director of Community and Diversity. A national search is underway to fill this important role. The breadth and depth of the scope of the Office has been expanded in support of moving OSU up to the next level of diversity commitment. The director position will be appointed by the president and will report to both the president and provost. The Office will have a campus-wide purview, and will be both “environmental” and “ecological” in its service. The director will be designated a key member of the leadership team and will serve on the University cabinet.
- **The Campus Climate Assessment**, sponsored by the Office of Multicultural Affairs and the Faculty Senate, will be conducted during spring term, 2004. Students, faculty, staff, and administrators assisted in refining the survey instrument. The
results will provide data to assist in the development and implementation of the Strategic Plan, including unit level and university-wide Diversity Action Plans.

- **Diversity Action Plan:** An OSU Diversity Action Plan is underway in support of the OSU Strategic Plan. A draft of the planning process follows:

**Process Overview**

All Oregon State University academic and administrative entities will participate in the Diversity Action Plan process. Plans will be submitted centrally through the administrative unit leader (e.g., academic dean, vice president, vice provost, president). The unit leader will provide direction to those reporting through her/him regarding the submission of plans. In addition, each unit leader is to develop a plan that will detail their contribution to the university’s plan (e.g., the Office of the Provost will have its own plan, apart from those developed by academic units). The goal of the process is to construct and implement a broadly focused plan that will enhance and sustain the University’s success relative to diversity.

The elements involved in the development of the Oregon State University Diversity Action Plan are:

1. Describe (clarify) categories of diversity to be addressed
2. Develop criteria (standards) for successful Diversity Action Plans
3. Develop a template to guide the development and evaluation of Diversity Action Plans
4. Develop a charge to units for Diversity Action Plans. The charge will describe components of Oregon State University’s Diversity Action Plan, specifying dimensions that units are to address:
   a. Diversity mission statement
   b. Climate initiatives (e.g., environment relative to work, learning, living)
   c. Knowledge and skill development (initiatives to foster cross-cultural competency at all levels of the university)
   d. Faculty recruitment and retention (including promotion and tenure), staff recruitment and retention, and student recruitment and retention (including graduation) initiatives
   e. Outreach/service/partnership initiatives (communities with which units will connect, will include fundraising)
   f. Assessment/research/evaluation initiatives
   g. Student support and development initiatives
   h. Faculty/staff support and development initiatives
   i. Accountability plan (including qualitative and quantitative measures)
   j. Alignment initiatives (efforts to connect the work of the unit with others who share comparable goals and initiatives)
5. Develop a list of resources to guide units during the planning process
6. Involve key stakeholders and constituents in the process
7. Check for responsiveness to the needs and utilization of the skills of stakeholders
8. Check for alignment with standards adopted to define successful Diversity Action Plans.
   - There will be an accountability and feedback
• Each unit will be supported and encouraged based upon their readiness to engage in the planning process
• There will be a consistent method by which each plan will be evaluated
• There will be short-, medium-, and long-range initiatives (stated in measurable, behavioral terms)

- Partnership for Diversity: OSU was a founding member and major player in forming this community-based collective to bring diversity programs to the Corvallis area. The first program featured Jane Elliott, developer of the internationally known approach for teaching the damaging effects of discrimination in education, business, and society in general. In addition to OSU, the Partnership includes Hewlett Packard, CH2M Hill, Linn Benton Community College, Corvallis city government, Benton County government, Corvallis Martin Luther King, Jr. Commission, Community Alliance for Diversity, Safeway, and Corvallis Oddfellows.

- Brown vs. Board of Education Observance: Several university units, community groups, and local schools are planning a two week event in May 2004 commemorating the 50th anniversary of the landmark Brown vs. Board of Education U.S. Supreme Court decision that declared state enforced race segregation in education unconstitutional. A variety of activities are planned including an Opening Ceremony on May 17, a keynote speaker, a panel display entitled "No Easy Road: Unlearning Discrimination in Oregon," various artistic activities, videos relating to the struggle to overcome segregation, and panel discussions. The purpose of the event is to raise awareness of the continuing relevance of the challenge of the Brown case, the ongoing struggle against persistent de facto segregation in housing and its relationship to education, and the implications for all who work on behalf of equality of opportunity.

Student Outreach and Support

Community Outreach Programs have been held in Hispanic, African American, and Asian/Pacific American communities to promote middle and high school persistence and postsecondary education. The community-based programs invited families and community leaders to attend, since many educational decisions are family based. OSU students played major roles in providing information to participants on student life and activities.

PROMISE (Professional and Managerial Internships in State Employment) is a summer program that is in its 12th year of providing students of color with opportunities to gain professional, managerial or technical skills, and experience in positions at the University or in state, county, and local governments. Interns acquire valuable career development strategies and provide opportunities for participating departments and agencies to increase diversity and diversity awareness in their worksites. Sponsors attest to the value of working with students from diverse racial and ethnic backgrounds. Upon completion of the internship, many departments retain interns for full year employment and maintain contact for future employment. Former interns have secured positions in
Oregon universities and state, county, and city governments and agencies upon graduation. In helping students of color realize their career potentials, PROMISE is one of OSU's most effective avenues for demonstrating its commitment to diversity. The program is supported by Human Resources Department (financial and oversight), the Office of the President (financial) and Intern sponsors at the University, state, county, and local government levels. The PROMISE Task Force provides guidance for the program.

**Faculty/Staff Initiatives**

- **The Faculty Diversity Initiatives** actively recruit and support minority graduate students with “Minority Group Graduate Student Pipeline Support Fellowships” and the “Minority Faculty Doctoral Advancement Fellowship” as one approach to faculty diversity.
- **The Diversity Hiring Initiative** requires applicants for all leadership positions to demonstrate commitment to diversity. Hiring administrators throughout the University with the capacity and the will to further diversity initiatives enhances the ability to meet inclusive goals.
- **The Office of Affirmative Action and Equal Opportunity** continues to provide information and work with search committees to attract a diverse pool of employment applicants through improved marketing and communication methods. The office has also developed a guide to assist search committees in the implementation of the Diversity Hiring Initiative.

**Portland State University (PSU)**

The President and the Provost further diversity through the Portland State University (PSU) Presidential Initiative established in 1999. The goals of this initiative include 1) the creation of an institutional environment, curricula, and scholarship that enhance learning about diversity and respect for diversity and equality; 2) increases in the representation of both in-state and out-of-state students of color within the campus community; 3) increases in the participation of underrepresented groups in the faculty, staff, and administration; and 4) increases in the number of sustained and mutually beneficial connections with diverse communities. Activities and outcomes that support the President’s Initiative are reported on the President’s Corner at [http://www.president.pdx.edu/Initiatives/diversity/diversityhome.phtml](http://www.president.pdx.edu/Initiatives/diversity/diversityhome.phtml)

**Outcomes**

Positive results of the President’s Diversity Initiative are reflected in the following areas:

- Between 1999 and 2003, the number of faculty of color (full-time instructional) has increased by 32.8 percent—64 in 1999 to 85 in 2003. During this period, those faculty (full-time instructional) who identified as white/European increased by 5.5 percent.
- As of 2003-04, 21 departments were participating in the Diversity Incentive Plan funding opportunity;
- During 2003-04, the Focus on Diversity Series will host six events;
• During 2003-04, the Diversity Film Fest will host five events and is available to undergraduate students as the basis for a one-credit course.

**Campus-wide Initiatives**
The following campus-wide activities are associated with the President’s Diversity Initiative:

• The Diversity Action Council (DAC) – comprising 33 presidentially-appointed faculty, staff, and students – designed the Diversity Action Plan that highlights actions, key personnel, timelines, and rationales that support each of the Diversity Initiative Goals. In efforts to include all levels of the institution in related activities, the DAC reports regularly to the Council on Academic Deans and the Faculty Senate.

• The DAC sponsors and collaborates with campus offices to deliver activities throughout the year that: investigate the perceptions of faculty, staff and students on the campus, raise awareness, and facilitate opportunities for discussion of the various effects of diversity. Examples of these activities include the following and others listed within the student and faculty/staff sections below.
  - **The Diversity Liaison Network**: Faculty representatives of each unit (academic and nonacademic) hear about upcoming diversity activities and share their departmental diversity activities.
  - **The Diversity Newsletter**: A quarterly newsletter highlighting diversity events and diversity discussions. For more details see “Diversity Activities” on website cited above.
  - **The Focus on Diversity Series**: A monthly series addressing current and ongoing issues regarding diversity. For more details, see “Diversity Activities” on the website cited above.

• To further the goal of increasing the number of faculty of color, the DAC has established the Diversity Hiring Resource Team (DHRT). Through the work of this team, institutional representatives have learned to define positions as broadly as possible to ensure a diverse pool of candidates. The provost meets with each dean and search committee chair to review the pool and either approves it or encourages broadening the search to obtain a diverse group of candidates. This, combined with the work of the Affirmative Action Office in determining underutilization or under representation, has helped PSU develop new ways to improve the recruitment and retention of faculty of color.

**Student Support and Outreach**

• During 2003-04, PSU supported programs that enhance the progress of Latino high school students towards higher education by bringing them together with current Latino PSU students mentors.

• Students receive diversity mini-grants for campus-wide diversity activities. For summaries of student mini-grants, see “Diversity Activities” on the website cited above.

• Special Connections is an annual event for graduate students of color at PSU to talk with undergraduate students of color about pursuing graduate work at PSU.
**Faculty/Staff Initiatives**

- Academic departments receive incentive funds for departmental tenure track hires that document both diversification of the candidate pools and hiring of diverse faculty.
- Research addressing issues of diversity is encouraged among the faculty and funded by the Presidential Initiative through mini-grants. Thirteen mini-grants were funded in 2003-04; this is more than double the number awarded during the previous academic year. For summaries of mini-grant descriptions, see “Diversity Activities” on the website cited above.
- The position of Faculty in Residence for Diversity is an annual appointment that allows a tenure track faculty member to devote a portion of their time to furthering the diversity activities at PSU.
- The DAC sponsors:
  - Connections: Monthly informal meetings for faculty and staff of color at PSU; this group has 317 individuals on their listserv.
  - [http://www.president.pdx.edu/Initiatives/diversity/connections03.html](http://www.president.pdx.edu/Initiatives/diversity/connections03.html).
  - Diversity Hiring Resource Team: A resource team available to all departments to provide suggestions for writing position descriptions that reflect an openness to diverse candidates; suggestions for interviewing candidates that reflect an openness to diverse candidates; and suggestions for ways to retain diverse candidates. For more details see "Diversity Activities" on the website cited above.

**Southern Oregon University (SOU)**

Southern Oregon University (SOU) has implemented various strategies to enhance diversity on campus and in the community. Major diversity initiatives include the following.

**Campus-wide Initiatives**

The *Multicultural Executive Council* is composed of faculty and staff and serves as a decision-making group for issues of concern for the SOU multicultural community. A faculty member who serves as Faculty-in-Residence for multicultural student affairs and the Diversity Scholars Program chairs the Multicultural Executive Council and is the primary contact for multicultural students.

The *Multicultural Library* is a self-service library containing U.S. ethnic literature, gay and lesbian U.S. literature, and secondary sources. The Library is open to students and staff.

The *Welcoming Diversity and Controversial Issues/Conflict Resolution Program* provides opportunities for representatives of the SOU community to interact and engage with members of the surrounding community. Groups of faculty, staff, and students have been trained as Welcoming Diversity Workshop and Controversial Issues Facilitators.
Trainees become “multipliers” of their newly developed diversity skills by facilitating diversity workshops in the University and the larger community.

Native American Materials and Services: Southern Oregon University’s Library has a premier collection of materials relating to Native Americans of North America and has deemed the selection and acquisition of materials relating to North American Indians as a collecting focus (along with Shakespeariana).

Of the Oregon University System regional universities, the SOU Library has the largest collection of Native American materials, with over 8,700 books and videos dealing with Native North America. The Library maintains subscriptions to 26 periodicals pertaining to Native Americans, and collects newsletters from the federally recognized tribes of Oregon. The Library also subscribes to the online database, HRAF Bibliography of Native North America.

Designated a center for Native American materials, the Library recently received substantial collections of Native American materials. Helen Redbird-Smith, an alumna of SOU and Professor Emeritus of Western Oregon University, donated an extraordinary collection of 1,400 monographs, sound recordings, research papers, ephemera, reference materials, and documents relating to North American tribes. The Douglas Martin Collection contains over 1,000 books collected by this scholar of Indian-White relations during his lifetime.

The Library is also involved in an IMLS funded digitization project to create the Southern Oregon Digital Archive (SODA) of materials relating to the ethnohistory and environment of the unique Siskiyou/Cascade/Klamath bioregion. The First Nations Collection of SODA now numbers 400 web-accessible hard-to-find public domain documents, books, and articles relating to the indigenous peoples of this area. The collection has been developed in consultation with representatives from tribes. Some of the groups represented in SODA include the Alsea, Coos, Cow Creek Band of Umpqua, Hupa, Klamath, Modoc, Shasta, Siuslaw, Takelma, Tututni, and Yahuskin nations.

Native American Studies: Recruitment efforts have been broadened and enhanced at SOU with the establishment of the Director of Native American Studies position, in addition to the Native American Academic Coordinator. SOU offers both a 24-credit Minor and a 36-credit Certificate in Native American Studies. With the development of the Center for First Nations Studies, recruitment efforts have expanded to the international level within indigenous populations. Southern Oregon University participates in numerous high school and community visitations and maintains close regional interactions with the nearby tribal Education Departments and federally recognized Northern California tribes.

During 2003, Southern Oregon University joined the Ashland Community Diversity Alliance (ACDA), a local organization whose membership includes employers, community organizations, and individuals. The ACDA is dedicated to increasing awareness, fostering cultural competency, and promoting leadership in cultural diversity.
development. In the fall of 2003, SOU hosted ACDA’s first community event to inform the community about the ACDA’s mission and invite interested parties to join the Alliance.

In November 2003, SOU actively participated in the annual Oregon Diversity Institute Conference held at Rogue Community College. A number of faculty, staff, and students attended the two-day event. In addition, SOU faculty, staff and students presented or co-presented with other institutions seven workshops on the following topics: student harassment over issues of race and sexual identity; the impact of heterosexism in the classroom; Native American programs; using silence as a teaching tool for diversity; issues facing lesbian, gay, bisexual, and transgender people; creating an inclusive/multicultural curriculum; and campus safety and violence against women.

SOU is represented at the annual Oregon Indian Education Association (OIEA) Conference and in the current year (2003-04) will partner with the Klamath Tribes to host the event in early April. Further, SOU is represented at Oregon Indian Coalition on Post-Secondary Education (OICPSE), the Oregon Indian Education Youth Conference, the Oregon/National Tribal Educational Contractors Association, and the National Congress of American Indians. Currently, both Native American Studies faculty are members of the Board of Directors for OIEA and participating members of the Oregon American Indian/Alaska Native Education Council.

**Student Outreach and Support**

The Southern Oregon University Minority Outreach Program has identified a number of travel activities, events, and programs as recruitment strategies for this academic year. SOU will send a representative to various conferences and college fairs such as the Cesar Chavez Conference, MeCha, Hoopa Valley High School fair, and others. English as a Second Language (ESL) classroom visits to local middle and high schools have given SOU the opportunity to speak to minority students about admission to a college, financial aid, scholarships, and housing. Each January, SOU participates in financial aid workshops in Spanish at local high schools. In addition, Upward Bound and Education Talent Search groups from Oregon and northern California attend campus preview programs annually. Lastly, phone calls and mailings have been another way to contact prospective minority students.

The Native American Advisory Council and the Board of Directors for the Center for First Nations Studies continue to assist SOU in the identification and elimination of institutional barriers to student success. Membership consists of local Native American community/tribal members, faculty, NASU officers, members of OICPSE, and OTECA. Faculty are assisting in the development of reflective curriculum in a number of areas, including teacher education and continuing licensure, utilizing coursework from the Native American Studies Program.

Southern Oregon University hosts Konaway Nika Tillicum Native American Youth Academy, for grades 6-12, each summer. The Academy is an in-residence early-intervention program for recruitment, retention, collegiate academic preparation, cultural
relevancy, and leadership. The Academy is a collaborative effort between SOU and OSU's American Indian Science and Engineering Society. Participation includes all nine federally recognized Tribal Education Departments, all Title III Indian Education programs, Johnson O'Malley programs, urban/rural American Indian programs, and National/International First Nations peoples.

*Latino Academy/Academia Latino* is a weeklong residential camp at SOU for Latino students in the southern Oregon region who have completed grades 6-8. The camp provides classes, lectures, cultural experiences, and recreational activities. These outreach programs create college readiness and a sense of community for multicultural students.

The main goals of the *Diversity Scholars Program* are to admit and award scholarships to cohorts of women and men who enhance institutional diversity, including racial/ethnic diversity, to enrich the teaching and learning environment. The program supports 90 Diversity Scholars through mentoring and advising. A faculty member in residence is responsible for overseeing student multicultural activities, including the mentoring for all students of color in the Diversity Scholars Program.

The mission of the *Multicultural Student Center* is to provide safe, supportive, and enriching environments to multicultural students who historically and/or presently have experienced racism and prejudice in the United States. The *Multicultural Student Coalition* was established to facilitate collective activities among the multicultural student organizations housed in the Multicultural Student Center. Presently, the Multicultural Student Coalition is comprised of the leaders of the multicultural student unions, associations, and clubs; the Multicultural Student Center coordinator; the Multicultural Student Center technician; and the Associate Director for Multicultural and Student Activities. The following student organizations are part of the Coalition: Black Student Union (BSU); Latino Student Union (LSU); Native American Student Union (NASU); Lesbian, Bisexual, Gay, Transgender Allies Student Union (LBGTA); International Student Union (ISU); Ho'opa’a Hawaii; and the Challenge Student Club (students with disabilities).

*Disability Awareness Week 2003*, presented by the Challenge Student Club, is an example of the type of activities facilitated collaboratively by the Multicultural Student Coalition. The mission of the Challenge Student Club is to provide group support and encouragement for students with disabilities; to raise awareness of the needs and challenges of students with disabilities; to promote interaction between students with and without disabilities; and to encourage continued relational growth between students with disabilities and the university community. Disability Awareness Week consists of five days of activities intended to increase awareness and appreciation of the contributions of people with disabilities and their impact on campus and in the community. In 2003, activities included a community resource and vendor faire, demonstrations by various service animals, a performance by a wheelchair dance troupe, and a student/faculty panel presentation. These events were the result of
collaboration between the Challenge Club and faculty, staff, students, and community members—with and without disabilities.

**Resource Centers:** Demonstrating its commitment to diversity on campus, the SOU student government, in collaboration with Student Affairs, continues to support the Women’s Resource Center, Queer Resource Center, and Non-Traditional Student Resource Center.

- The **Women’s Resource Center (WRC)** offers educational programs and support services to enhance the quality of life for Southern Oregon University women. The center serves as a resource for students, faculty, staff and community of all genders. The WRC maintains an extensive library and collection of community resource information; takes a leadership role in prevention of sexual assault; and offers work-study, volunteer, and practicum opportunities to SOU students.
- The **Queer Resource Center** provides support services for lesbian, bisexual, gay, and transgendered students, faculty, and staff. The QRC also provides educational and recreational programs to the campus community.
- The **Non-Traditional Student Resource Center** provides services to non-traditional students defined as individuals age 25 or older who are single, married or divorced, with or without children. Services include access to computers and other resources, meeting space, and information on jobs and scholarships.

**Faculty/Staff Initiatives**
- **Recruitment:** The Office of Human Resource Services developed a directory of recruitment resources for academic and administrative departments that are engaged in a search to fill faculty, administrator and support staff positions. In additional to standard local, regional and national publications, the recruitment resource directory has been expanded to include college placement offices, minority organizations and publications, community organizations, and web sites that offer special services for providing information to minority applicants about position openings.
- **Recruitment of Minority Faculty:** SOU’s collective bargaining agreement with the Association of Professors at SOU provides for financial enhancements to enable departments and schools to compete for qualified faculty minorities.
- The **Inclusive Curricula Faculty Learning Community** project is intended to transform the existing curriculum. This initiative – sponsored by the inclusive Curriculum Task Force, the Provost’s Office, and the Center for Teaching and Learning – is using a model developed by the New Jersey Project. Through this program, faculty members transform their existing courses using inclusive frameworks and teaching pedagogies.
- The **New Faculty Mentor Program**, sponsored jointly through the Provost’s Office and the Center for Teaching and Learning, pairs new faculty with senior faculty members who serve as mentors. The purpose of this program is to provide a support network to nurture new faculty retention and success.
University of Oregon (UO)

The University of Oregon (UO) has developed a multi-faceted approach to diversity with efforts ranging from broad initiatives designed to increase campus community awareness, to educational and research programs and centers that focus on issues of diversity, to concerted efforts to attract and retain an increasingly diverse student body and workforce, to resources and services that support members of the increasingly diverse University community. The University’s diversity website (http://diversity.uoregon.edu/) provides a valuable array of diversity information and links to events, educational centers and programs, student organizations, services, scholarships, staff training workshops, and committees and councils that are available to current as well as prospective students, faculty, and staff. Some examples and highlights of the University’s on-going diversity building efforts are described here.

Campus-wide Initiatives

The following initiatives establish diversity as one of UO’s core values.

- A search for a new position of Vice Provost for Institutional Equity and Diversity to provide leadership, guidance, and direction for all University equity and diversity matters concerning faculty, students, and staff, concluded successfully with the hiring of Vice Provost Gregory Vincent. Professor Vincent joined the University of Oregon administrative team in January 2004 and will work with other administrators, faculty, staff, and students in the on-going effort to increase appreciation of the critical importance of diversity in providing a comprehensive educational experience, and will work to enhance collaboration among the University’s many diversity stakeholders to ensure effective communication regarding diversity initiatives and accomplishments throughout the campus community.

- The Center on Diversity and Community (CODAC), established in 2001 as an interdisciplinary research center that promotes inquiry, dialogue, and understanding on issues of racial, ethnic, and cultural diversity, continues to promote new diversity scholarship within and across fields of study <http://www.uoregon.edu/~codac/>.

- The Ethnic Studies Program examines the construction and context of ethnicity in the United States with a primary focus on Americans of African, Asian, Latino/a, and Native American descent. Program scholars are committed to promoting the recruitment and retention of faculty and students of color and curricular changes that address an increasingly heterogeneous society <http://darkwing.uoregon.edu/~ethnic/>.

- The Oregon Consortium for International and Area Studies, formed in 2000, provides support for the following multidisciplinary and international programs: Asian Studies Program, European Studies Program, International Studies Program, Latin American Studies program, and Russian and East European Studies are included at <http://www.uoregon.edu/~ocias/what.htm>.

- Center for Indigenous Cultural Survival, created in 2001, serves as a research and service institute focusing on indigenous peoples worldwide <http://www.uoregon.edu/~cics/center.htm>. In addition, it provides liaison to the tribes of Oregon and will provide stewardship for the Many Nations Longhouse at <http://www.uoregon.edu/~committees/longhouse/programs.htm>.
• Long-standing diversity efforts and programs include the President’s Council on Race and the Center for Asian and Pacific Studies [http://darkwing.uoregon.edu/~caps/].

The following initiatives are intended to increase campus community awareness of diversity.

• The University continues consideration and implementation of recommendations made in a report by Western Michigan University President Elson Floyd, who was invited to campus to consult on the university’s agenda of increasing diversity on campus (e.g., the appointment of Vice Provost for Institutional Equity and Diversity Gregory Vincent noted previously).

• In January 2002, the University invited Dr. Susan Rankin, Penn State University, to campus to share her analysis and results of the 2001 Campus Climate Assessment survey in which the University participated, and to conduct focus groups to identify issues and challenges the campus faces.

• Other initiatives to increase campus community awareness of diversity include the Affirmation of Community Values statement [policies.uoregon.edu/ch1affirmation.html] and the Bias Response Team, coordinated within the Office of Student Life, designed to help the community and its members address effectively incidents of bias or hate.

**Student Outreach and Support**

Primarily through its Office of Admissions [http://admissions.uoregon.edu/], the University has devoted significant effort to increasing the number of students of color at the University. At the same time, the University has enhanced its efforts to support the academic success and retention of students of color who enroll with the University [http://admissions.uoregon.edu/ diversity.html]. Specific recruitment programs include the following.

• **Reach for Success** is an annual event that brings approximately 250 middle-school-aged students of color and their parents to the UO campus for a day of activities to help students understand that going to college is possible and how the classes they take in middle and high school can lead to a university education.

• **Connections** is the UO’s primary recruitment and visitation program for students of color that focuses on multiple small- to medium-sized visits [http://www.uoregon.edu/~stl/parent/ connectionsfall2002.pdf].

• A full-time Native American Enrollment Coordinator position was created with primary responsibility for assisting Native American students in the process of exploring college options, applying and being admitted to the UO, paying for college, and graduating.

• The University proposed the Residency by Aboriginal Right program in which members of 44 bands and tribes who have a historic relationship to the land that became Oregon are granted in-state residency for tuition purposes.

• The Native American Summer Bridge Program, launched and coordinated by the English Department, brings students to campus for an academic program aimed to ensure their success in later studies and focusing, in part, on Native American literature.
• A day-long Native American Education Gathering (Lobiital Hoskanga) brings Native American high school students from around the state to campus to explore college benefits and opportunities, including the transitional support available to Native American students.
• In 1998, the University secured federal support for a Ronald McNair Program to enhance diversity in graduate programs.
• The Office of Admissions employs multicultural recruiters/ambassadors who call and give weekly campus tours to prospective students of color.
• In 2002, the University, in partnership with the nine federally recognized tribes of Oregon, secured federal support for a comprehensive model for recruitment, support, pre-service training, and in-service mentorship of American Indian teachers serving American Indian communities.
• In 2003, the University and the nine-federally recognized tribes of Oregon joined to break ground on a new Many Nations Longhouse. The new facility will be dedicated in the fall of 2004.
• The Linguistics Department, in partnership with the federally recognized tribes of Oregon, has secured funding for the Northwest Indian Language Institute that will provide for the teaching of the indigenous languages of the region.

Faculty/Staff Initiatives
• Since the inception of the Underrepresented Minority Recruitment Plan in 1994, the Provost’s Office has allocated more than $2,191,500 for minority recruitment. The plan allows departments to enhance offers to minority candidates and improve retention and support of minority faculty by funding activities supporting faculty development.
• New Faculty Orientation was expanded with a strengthened focus on the opportunities and challenges created by an increasingly diverse institutional community.
• A position was added to the Teaching Effectiveness Program to assist faculty members as they seek to work effectively in an increasingly multicultural teaching and learning environment.
• Diversity, inclusion, and engagement continue to be a focus of attention for both deans and department heads in retreats and work sessions.
• The Office of Human Resources offers a variety of workshops annually that concern diversity and maintaining an inclusive, respectful, and discrimination-free working and learning environment <http://hr.uoregon.edu/training/>.

Western Oregon University (WOU)

The location of Western Oregon University (WOU) in the mid-Willamette Valley places it in one of the state’s fastest growing Hispanic population centers. It is estimated that well over ten percent of the population in Polk and Marion counties is now of Hispanic descent. This fact, coupled with the University’s commitment to ethnic diversity, has resulted in numerous program initiatives.
A student retention effort has been developed for “at risk” students. This “freshman year experience” program identifies and supports students during their critical first year in college by providing personal and academic counseling as well as academic support services in a variety of academic subject areas including math, science, speech, and writing.

High school outreach continues to be an important means of attracting students of color to WOU. Western offers specialized counseling and advising in selected Salem high schools to students indicating they are interested in going to college. This counseling service is offered as a continuing service by volunteering bilingual faculty members.

**Campus-wide Initiatives**
The general education curriculum has been modified for all students seeking a B.S. degree to include a cultural diversity course requirement. Each B.S. student is required to complete six hours of course work (two courses) emphasizing topics and subjects of cultural diversity.

An **interdisciplinary minor in Chicano-Chicana studies has been developed and implemented to provide students with increased opportunities to study issues of race, culture, and ethnic diversity.**

**Student Outreach and Support**
WOU has instituted a number of initiatives to provide increased access to students of diverse ethnicity with special sensitivity to providing support for the growing numbers of college bound Hispanic students.

- **Diversity Achievement Scholarships:** Consideration for this scholarship opportunity is given to any new freshman and transfer student from Oregon whose cultural background, life or work experience, or academic preparation and achievement is likely to enhance the diversity of campus life in and outside of the classroom.
- **Upward Bound:** WOU is co-partnering with selected Marion and Polk county high schools through its Upward Bound Program to increase high school to college participation rates. This four-year renewable, federally funded grant gives the University access to 65 high school students per year. The program strengthens both academic and personal skills necessary for success in college. Upward Bound operates ten months a year on-site in the high schools and for eight weeks each summer on-campus where students live in the University’s residence halls and receive classroom instruction that includes regular university faculty. The three-year average of graduating Upward Bound students being admitted to college is 85 percent and their three-year average college retention rate for these same students is 96 percent.
- **The SEP Program:** The WOU Student Enrichment Grant Program supports students of diverse ethnic backgrounds with academic and career advising services, and special learning equipment (i.e., laptop computers, calculators, cassette recorders, etc.) to make the transition from high school to college easier. SEP also offers free courses for academic credit in math and other academic skill areas to improve the probability of academic success. A peer mentoring and an academic bridge
program, sponsored by the University in conjunction with SEP, offer students support on a year-round basis. This program carries an 85 percent graduation rate.

- **Student Retention Program**: The WOU Office of Academic Advising and Learning Center supports a freshman year program of tutoring and counseling to deal with the inevitable personal and academic issues that often develop for students of color as they enter a majority academic and social environment. The program serves upwards of 70 students annually and yields retention rates consistent with the freshman to sophomore retention rates of majority students.

**Faculty/Staff Initiatives**

The WOU Office of Human Resources and Affirmative Action offers regularly scheduled orientation seminars for new faculty and staff in order to improve campus awareness and commitment to enhancing the learning environment for ethnically diverse student populations.

Bilingual faculty members from a number of disciplines and students studying Spanish have developed student support programs with high-need area high school students and their families to provide both special instruction in English and a social support network to encourage students and families in regard to seeing college as an attainable personal goal.

WOU places great importance on effective teaching and scholarly research as major conditions for tenure and promotion. First-year faculty members at WOU often find it challenging to balance a demanding undergraduate teaching load with the University requirement that they continue their growth as publishing scholars. This situation is often more daunting for faculty members of color who may also face additional challenges of adjusting to a majority culture environment. As part of its faculty diversity retention effort, Western has started two programs.

**New Faculty Mentoring.** New faculty members are paired with senior faculty members who act as confidential mentors, answering questions, giving advice, and helping with teaching and research issues that nearly all newly hired faculty have. There is a clear relationship between this type of mentoring during the critical first two years of a new faculty member’s career and their successful promotion and tenure. This program has become an important part of WOU’s faculty diversity retention initiative.

**Faculty Research and Publication Seminar.** Started in the WOU College of Education, this program attempts to maintain a continuing dialogue between new faculty and senior faculty with established research and publication agendas. The monthly meetings of the seminar include the presentation of papers and research in the pre-publishing stages combined with practical discussions on how to improve written research for publication, how to negotiate the vagaries of editorial boards, and how to match completed papers and research to the most appropriate journals and publishers. The seminar has proven helpful to new faculty and senior faculty alike.
Conclusions and Recommendations

- In recent weeks, additional information has been brought forth on the national scene regarding interpretations of race-conscious student-related initiatives in higher education. As OUS looks toward the future of continuing to provide opportunities for representation, inclusion, and engagement for all OUS populations, consideration must be given to providing the appropriate frameworks through consistent monitoring and flexibility within diversity initiatives.

- Early and adequate academic preparation is a key factor in student achievement and success. In recognition of the growing populations of students of color moving through the K-12 pipeline, considerations must be given to outreach, encouragement, and assistance with understanding the benefits of, and readiness for, a college education. Also, initiatives that seek to better integrate community college and OUS relations through dual enrollment and transfer activities should include sustained and comprehensive measures to provide outreach, information, and incentives for all populations. Plans and knowledgeable policy-level involvement are needed within specific initiatives—including, but not limited to, access, affordability, community college articulation, and course delivery methods—to address all related diversity needs.

Current K-16 data systems are limited in capturing the enrollment patterns of students throughout the educational pipeline. As Oregon moves toward a system of enhanced K-16 data alignment under the leadership of the State Board of Higher Education, racial/ethnic diversity should be included to help guide related policy decisions. Further, all comprehensive K-16 statewide and institutional educational initiatives should appropriately incorporate diversity considerations.

- OUS institutions have made strides in incorporating diversity initiatives into campus activities and strategic plans. Existing initiatives, such as institutional diversity councils, that include student, faculty, community, and administrative representatives, are key. The deliberations and actions of these groups should consistently include attention to connecting diversity-related activities with broad campus initiatives in order to encourage comprehensive incorporation of diversity in the institutional environment.

- OUS institutions have made strides in attracting diverse faculty and staff. Current levels of Systemwide funding for assistance with campus pipeline and recruitment initiatives are modest, yet appear to have a positive effect. Key activities, such as the OUS Faculty Diversity Initiative and institutional efforts to recruit, retain, and promote diversity in the workforce, should be enhanced.

- OUS institutions have made strides in recognizing and promoting the benefits of diverse educational environments. However, the wealth of talent and research capabilities on university campuses are not being fully tapped to investigate the influences of diversity on interactions, development, and broad campus-based
initiatives. Enhanced research relating to diversity in the campus and community environments should be encouraged and supported.
## Appendix A

### OUS Enrollment\(^1\) by Racial/Ethnic Group
(fall 2003)

<table>
<thead>
<tr>
<th>Racial/Ethnic Group</th>
<th>Reporting More Than One Race/Unspecified Race*</th>
<th>International</th>
<th>CAMPUS TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Reporting More Than One Race</td>
<td>Unspecified</td>
<td>N %</td>
</tr>
<tr>
<td>Eastern Oregon University</td>
<td>41 1.2%</td>
<td>156 4.7%</td>
<td>67 2.0%</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>1 0.0%</td>
<td>227 7.0%</td>
<td>26 0.8%</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>43 0.2%</td>
<td>931 4.9%</td>
<td>1,134 6.0%</td>
</tr>
<tr>
<td>Oregon State University, Cascades</td>
<td>1 0.3%</td>
<td>39 10.5%</td>
<td>0 0.0%</td>
</tr>
<tr>
<td>Portland State University</td>
<td>230 1.0%</td>
<td>2,427 10.5%</td>
<td>1,220 5.3%</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>12 0.2%</td>
<td>424 7.7%</td>
<td>126 2.3%</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>322 1.6%</td>
<td>1,491 7.4%</td>
<td>1,241 6.2%</td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>50 1.0%</td>
<td>270 5.4%</td>
<td>69 1.4%</td>
</tr>
<tr>
<td><strong>SYSTEM TOTALS</strong></td>
<td>700 0.9%</td>
<td>5,965 7.5%</td>
<td>3,883 4.9%</td>
</tr>
<tr>
<td></td>
<td>6,665 8.4%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Includes extended enrollment students and credit at all levels.

* The current federal category is "unknown"; disaggregated here as "Reporting More Than One Race/Unspecified Race"

Source: OUS Institutional Research Services, fall 2003 fourth-week enrollment reports
## Appendix B

### OUS Enrollment of First-Time Freshmen by Racial/Ethnic Group
(fall 2003 headcount)

<table>
<thead>
<tr>
<th></th>
<th>African American or Black, non-Hispanic</th>
<th>American Indian / Alaska Native</th>
<th>Asian / Pacific American</th>
<th>Hispanic / Latino</th>
<th>White, non-Hispanic</th>
<th>Reporting More Than One Race/Unspecified Race*</th>
<th>Unspecified</th>
<th>International</th>
<th>CAMPUS TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td>Eastern Oregon University</td>
<td>7</td>
<td>2.1%</td>
<td>2</td>
<td>0.6%</td>
<td>16</td>
<td>4.7%</td>
<td>10</td>
<td>2.9%</td>
<td>286</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>2</td>
<td>0.6%</td>
<td>12</td>
<td>3.4%</td>
<td>12</td>
<td>3.4%</td>
<td>13</td>
<td>3.6%</td>
<td>297</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>42</td>
<td>1.4%</td>
<td>38</td>
<td>1.3%</td>
<td>288</td>
<td>9.7%</td>
<td>114</td>
<td>3.9%</td>
<td>2,300</td>
</tr>
<tr>
<td>Portland State University</td>
<td>61</td>
<td>4.2%</td>
<td>17</td>
<td>1.2%</td>
<td>194</td>
<td>13.4%</td>
<td>67</td>
<td>4.6%</td>
<td>927</td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>9</td>
<td>0.9%</td>
<td>18</td>
<td>1.9%</td>
<td>50</td>
<td>5.1%</td>
<td>49</td>
<td>5.0%</td>
<td>795</td>
</tr>
<tr>
<td>University of Oregon</td>
<td>59</td>
<td>2.1%</td>
<td>33</td>
<td>1.2%</td>
<td>203</td>
<td>7.1%</td>
<td>99</td>
<td>3.5%</td>
<td>2,189</td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>15</td>
<td>1.6%</td>
<td>14</td>
<td>1.5%</td>
<td>32</td>
<td>3.5%</td>
<td>35</td>
<td>3.8%</td>
<td>789</td>
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<tr>
<td><strong>SYSTEM TOTALS</strong></td>
<td><strong>195</strong></td>
<td><strong>2.0%</strong></td>
<td><strong>134</strong></td>
<td><strong>1.4%</strong></td>
<td><strong>795</strong></td>
<td><strong>8.1%</strong></td>
<td><strong>387</strong></td>
<td><strong>3.9%</strong></td>
<td><strong>7,583</strong></td>
</tr>
</tbody>
</table>

* The current federal category is "unknown;" disaggregated here as "Reporting More Than One Race/Unspecified Race"

**Source:** OUS Institutional Research Services, fall 2003 fourth-week enrollment reports

Students who transfer with 12 credits or more are excluded unless they graduated from high school in spring of the college entrance year.
## Appendix C

### OUS Degrees Awarded\(^1\) by All Levels, Discipline and Racial/Ethnic Group


<table>
<thead>
<tr>
<th>Discipline</th>
<th>African American or Black, non-Hispanic</th>
<th>American Indian / Alaska Native</th>
<th>Asian / Pacific American</th>
<th>Hispanic / Latino</th>
<th>White, non-Hispanic</th>
<th>Reporting More Than One Race/Unspecified*</th>
<th>International</th>
<th>Total by Discipline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture &amp; Forestry, Environ</td>
<td>0 0.0%</td>
<td>11 1.6%</td>
<td>23 3.4%</td>
<td>13 1.9%</td>
<td>547 80.4%</td>
<td>37 5.4%</td>
<td>49 7.2%</td>
<td>680 4.5%</td>
</tr>
<tr>
<td>Architecture</td>
<td>0 0.0%</td>
<td>4 1.5%</td>
<td>10 3.7%</td>
<td>8 3.0%</td>
<td>191 70.7%</td>
<td>29 10.7%</td>
<td>28 10.4%</td>
<td>270 1.8%</td>
</tr>
<tr>
<td>Biological Science</td>
<td>1 0.2%</td>
<td>1 0.2%</td>
<td>44 8.9%</td>
<td>13 2.6%</td>
<td>376 75.8%</td>
<td>35 7.1%</td>
<td>26 5.2%</td>
<td>496 3.3%</td>
</tr>
<tr>
<td>Business</td>
<td>21 1.0%</td>
<td>26 1.2%</td>
<td>220 10.6%</td>
<td>45 2.2%</td>
<td>1,447 69.4%</td>
<td>108 5.2%</td>
<td>218 10.5%</td>
<td>2,085 13.7%</td>
</tr>
<tr>
<td>Commu/Journalism</td>
<td>10 1.7%</td>
<td>4 0.7%</td>
<td>22 3.8%</td>
<td>17 2.9%</td>
<td>442 75.6%</td>
<td>52 8.9%</td>
<td>38 6.5%</td>
<td>585 3.8%</td>
</tr>
<tr>
<td>Computer Science</td>
<td>0 0.0%</td>
<td>1 0.3%</td>
<td>38 9.9%</td>
<td>6 1.6%</td>
<td>212 55.1%</td>
<td>25 6.5%</td>
<td>103 26.8%</td>
<td>385 2.5%</td>
</tr>
<tr>
<td>Education</td>
<td>20 1.2%</td>
<td>28 1.6%</td>
<td>49 2.9%</td>
<td>63 3.7%</td>
<td>1,372 80.5%</td>
<td>98 5.7%</td>
<td>75 4.4%</td>
<td>1,705 11.2%</td>
</tr>
<tr>
<td>Engineering</td>
<td>7 0.7%</td>
<td>6 0.6%</td>
<td>77 8.1%</td>
<td>18 1.9%</td>
<td>624 65.3%</td>
<td>53 5.5%</td>
<td>170 17.8%</td>
<td>955 6.3%</td>
</tr>
<tr>
<td>Health Sciences</td>
<td>10 2.0%</td>
<td>9 1.8%</td>
<td>52 10.6%</td>
<td>13 2.7%</td>
<td>366 74.8%</td>
<td>22 4.5%</td>
<td>17 3.5%</td>
<td>489 3.2%</td>
</tr>
<tr>
<td>Humanities &amp; Fine Arts</td>
<td>32 1.3%</td>
<td>26 1.1%</td>
<td>91 3.8%</td>
<td>88 3.7%</td>
<td>1,821 76.5%</td>
<td>220 9.2%</td>
<td>102 4.3%</td>
<td>2,380 15.7%</td>
</tr>
<tr>
<td>Law</td>
<td>2 1.2%</td>
<td>1 0.6%</td>
<td>9 5.3%</td>
<td>6 3.5%</td>
<td>136 80.0%</td>
<td>16 9.4%</td>
<td>0 0.0%</td>
<td>170 11.1%</td>
</tr>
<tr>
<td>Mathematics</td>
<td>1 0.7%</td>
<td>2 1.3%</td>
<td>2 1.3%</td>
<td>2 1.3%</td>
<td>118 79.2%</td>
<td>6 4.0%</td>
<td>18 12.1%</td>
<td>149 1.0%</td>
</tr>
<tr>
<td>Physical Sciences</td>
<td>2 0.7%</td>
<td>3 1.0%</td>
<td>6 2.0%</td>
<td>6 2.0%</td>
<td>221 75.4%</td>
<td>20 6.8%</td>
<td>35 11.9%</td>
<td>293 1.9%</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>56 2.0%</td>
<td>35 1.3%</td>
<td>109 4.0%</td>
<td>106 3.8%</td>
<td>2,102 76.2%</td>
<td>227 8.2%</td>
<td>124 4.5%</td>
<td>2,759 18.2%</td>
</tr>
<tr>
<td>Other</td>
<td>31 1.7%</td>
<td>33 1.8%</td>
<td>112 6.2%</td>
<td>73 4.1%</td>
<td>1,331 74.0%</td>
<td>120 6.7%</td>
<td>98 5.5%</td>
<td>1,798 11.8%</td>
</tr>
<tr>
<td><strong>SYSTEM TOTALS</strong></td>
<td><strong>193 1.3%</strong></td>
<td><strong>190 1.3%</strong></td>
<td><strong>864 5.7%</strong></td>
<td><strong>477 3.1%</strong></td>
<td><strong>11,306 74.4%</strong></td>
<td><strong>1,088 7.0%</strong></td>
<td><strong>1,101 7.2%</strong></td>
<td><strong>15,199 100.0%</strong></td>
</tr>
</tbody>
</table>

\(^1\) Only degrees are reported. Postbaccalaureate and teacher education certificates are excluded.

* The current federal category is “unknown”; disaggregated here as "Reporting More Than One Race/Unspecified"

Source: [OUS Institutional Research Services, fall 2003 fourth-week enrollment reports](#)
Appendix D
OUS Full-Time Ranked Instructional Faculty by Racial/Ethnic Group
(2003-04)

<table>
<thead>
<tr>
<th></th>
<th>African American or Black, non-Hispanic</th>
<th>American Indian / Alaska Native</th>
<th>Asian / Pacific American</th>
<th>Hispanic / Latino</th>
<th>White, non-Hispanic</th>
<th>Reporting More Than One Race/Unspecified*</th>
<th>International</th>
<th>CAMPUS TOTALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oregon University</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>78</td>
<td>3</td>
<td>1</td>
<td>87</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>0</td>
<td>1</td>
<td>5</td>
<td>1</td>
<td>106</td>
<td>0</td>
<td>1</td>
<td>114</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>9</td>
<td>1</td>
<td>53</td>
<td>18</td>
<td>491</td>
<td>31</td>
<td>28</td>
<td>635</td>
</tr>
<tr>
<td>Portland State University</td>
<td>19</td>
<td>4</td>
<td>30</td>
<td>9</td>
<td>374</td>
<td>63</td>
<td>10</td>
<td>509</td>
</tr>
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* The current federal category is "Unknown"; disaggregated here as "Reporting More Than One Race/Unspecified Race."

Source: OUS Institutional Research Services; file run from end-of-October payroll.
Appendix E
University Mission Statements
(Highlighted areas reflect considerations of diversity)

Eastern Oregon University

EOU guides student inquiry through integrated, high-quality liberal arts and professional programs that lead to responsible and reflective action in a diverse and interconnected world.

As an educational, cultural, and scholarly center, EOU connects the rural regions of Oregon to a wider world. Our beautiful setting and small size enhance the personal attention our students receive, while partnerships with colleges, universities, agencies, and communities add to the educational possibilities of our region and state.

Eastern Oregon University (EOU) is an exemplary student-centered university. EOU values diversity and is guided by a mission and commitment to value each student’s educational, social, cultural, and economic background.

Oregon Institute of Technology

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

1. Provide degree programs that enable graduates to obtain the knowledge and skills necessary for immediate employment.
2. Enable students to be effective communicators, responsible citizens, and life-long learners by assisting them in the development of critical thinking and problem solving skills, and ethical and cultural awareness.
3. Offer continuing and distance education and advanced professional studies to meet the emerging needs of today’s citizens.
4. Provide informational and technical expertise to regional, state, national, and global publics in applied research.
5. Develop and maintain partnerships with public and private institutions, business and industry, and government agencies to ensure quality programs that meet the needs of students and the organizations that employ them.
6. Provide statewide access to address the needs of the Oregon workforce.

Oregon State University

Oregon State University aspires to stimulate a lasting attitude of inquiry, openness and social responsibility. To meet these aspirations, we are committed to providing excellent academic programs, educational experiences, and creative scholarship.
Goals
Three strategic goals guide Oregon State University in meeting its mission.

Statewide Campus. Oregon State University has a historic and unique role in Oregon. As a land-grant university, our heritage is articulated in the statement “the state of Oregon is the campus of Oregon State University.” We emphasize the importance of extending the University into every community in Oregon. OSU will provide learning opportunities for Oregonians, and will create and apply knowledge that contributes to the prosperity of the state and its quality of life.

Compelling Learning Experience. Oregon State University is committed to creating an atmosphere of intellectual curiosity, academic freedom, diversity, and personal empowerment. This will enable everyone to learn with and from others. This compelling learning experience celebrates knowledge; encourages personal growth and awareness; acknowledges the benefits of diverse experiences, world-views, learning styles, and values; and engenders personal and societal values that benefit the individual and society. OSU will develop curricula based on sound disciplinary knowledge and input from practitioners. Students will acquire skills and knowledge for a lifetime of learning, and will be involved in scholarly and creative pursuits.

Top-Tier University. Oregon State University aspires to be a top-tier University. It is a Carnegie Doctoral/Research-Extensive University, a sea-grant institution, and space-grant program, in addition to being a land-grant institution. We will measure our success by: the caliber of entering students, the accomplishments of students and alumni, the quality of the faculty, the quality of instructional and research facilities, the effectiveness and productivity of engagement with businesses and constituents, and the support for research and scholarship.

Values. Oregon State University recognizes that our mission and goals must be supported by sound institutional values. As we pursue our mission and goals, we recognize that the individuals comprising our extended university community are the source of our creativity, reputation, and vitality. The following values are fundamental to our success:

Accountability. We are committed stewards of the loyalty and good will of our alumni and friends, and the human, fiscal, and physical resources entrusted to us.

Diversity. We value diversity because it enhances our education and because it provides tools to be culturally respectful, professionally competent, and civically responsible.

Respect. We encourage respect, humanity, and integrity in our treatment of each other, and we care for the well-being and safety of others.

Responsibility. We have a responsibility to society to contribute to its social, cultural, political, aesthetic, ethical, and economic well-being.
**Truth.** We honor and impart principles of academic honesty, freedom, truth, and integrity.

**Portland State University**

The mission of Portland State University 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 contributes to the creation and communication of knowledge in the greater metropolitan region through its teaching, research, and outreach programs. The institution is committed to providing access to programs defined by the traditions of liberal education and responsive to the dynamics of employment and market requirements.
- The expertise of PSU's faculty, students, and staff enriches programs extending beyond the region. Selected programs are offered throughout the state, including professional, degree completion, and lifelong learning programs.
- PSU designs and delivers high-quality, cost-effective academic and service programs to all qualified Oregonians working both with its own resources and through partnerships with other organizations and institutions. Collaborating with K-12, community colleges, and other institutions and organizations, PSU demonstrates its commitment to address issues important to learners during their entire lives.
- The institution capitalizes on an urban location with diverse and unique opportunities for student and faculty learning that go beyond the traditional classroom and laboratory settings. The diversity of its students and their communities enhances academic programs and extracurricular activities.
- PSU promotes student learning, research, and community involvement relevant to contemporary society here and throughout the world through its unique interdisciplinary general education curriculum, undergraduate degree programs, and professional and graduate programs. Academic focus on urban issues includes the study of societies in their larger context.
- The integration of teaching, research, and outreach at PSU offers students of a diverse age, ethnicity, and experience the preparation to become responsible citizens attuned to the needs not only of their own communities but those of regional, national, and international communities.

Portland State faculty and students engage in national and international research programs that apply the benefits of new knowledge to the institution's learning and outreach goals.
Southern Oregon University

Southern Oregon University is a contemporary public liberal arts and sciences University. It provides access to opportunities for personal, intellectual, and professional growth through quality education and scholarship. The University is a vital partner in the healthy development of its region and state in association with civic, national, and international engagements. It is Oregon’s Center of Excellence in the Fine and Performing Arts.

Values
Toward a Hopeful Vision of the University, Region, and Society

- Learning and Achievement
- Truth and Disciplined Inquiry
- Free Expression and Collaboration
- Open-Mindedness and Informed Criticism
- Mutual Respect and Trust
- Cross-Cultural Understanding and International Competence
- Integrity and Stewardship
- Civic Engagement and Responsibility
- Innovation and Entrepreneurship

Vision
Regionally responsive, nationally recognized, and internationally engaged, Southern Oregon University is a premier public liberal arts and sciences University. It is distinguished regionally and nationally in practical liberal learning at the intersection of the liberal arts and sciences and the professions, where learners gain the foundation for long-term career agility and informed civic leadership. The University’s scholarship supports the creation, synthesis, and application of knowledge and a new vision for teaching and learning in 21st-century society.

University of Oregon

The University of Oregon is a comprehensive research University that serves its students and the people of Oregon, the nation, and the world through the creation and transfer of knowledge in the liberal arts, the natural and social sciences, and the professions. It is the Association of American Universities flagship institution of the Oregon University System.

The University is a community of scholars dedicated to the highest standards of academic inquiry, learning, and service. Recognizing that knowledge is the fundamental wealth of civilization, the university strives to enrich the public that sustains it through

- a commitment to undergraduate education, with a goal of helping the individual learn to question critically, think logically, communicate clearly, act creatively, and live ethically
• a commitment to graduate education to develop creators and innovators who will generate new knowledge and shape experience for the benefit of humanity
• a recognition that research, both basic and applied, is essential to the intellectual health of the university, as well as to the enrichment of the lives of Oregonians, by energizing the state’s economic, cultural, and political structure
• the establishment of a framework for lifelong learning that leads to productive careers and to the enduring joy of inquiry
• the integration of teaching, research, and service as mutually enriching enterprises that together accomplish the university's mission and support its spirit of community
• the acceptance of the challenge of an evolving social, political, and technological environment by welcoming and guiding change rather than reacting to it
• a dedication to the principles of equality of opportunity and freedom from unfair discrimination for all members of the university community and an acceptance of true diversity as an affirmation of individual identity within a welcoming community
• a commitment to international awareness and understanding, and to the development of a faculty and student body that are capable of participating effectively in a global society
• the conviction that freedom of thought and expression is the bedrock principle on which university activity is based
• the cultivation of an attitude toward citizenship that fosters a caring, supportive atmosphere on campus and the wise exercise of civic responsibilities and individual judgment throughout life a continuing commitment to affordable public higher education

Western Oregon University

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.

Western Oregon University 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 Service Academy.

WOU enriches the lives of Oregonians through cultural offerings, educational resources, lifelong learning opportunities, and NCAA Division II intercollegiate athletic competition.

University Statement Regarding Zero Tolerance to Discrimination and Harassment
Above all, this means the contributions of everyone to a strong sense of community, in which civility, concern, care, support, and respect, one for another, are highly valued. This kind of environment encourages and enhances teaching and learning. It actively discourages discrimination and harassment in any form.

Students, staff, and faculty who respect and care for each other do not harass or discriminate against each other on the basis of gender, race, religion, color, ethnicity, disability, sexual orientation, national origin, or age.

At WOU, we take pride in a positive educational environment, one in which discrimination and harassment have no place. They will absolutely not be tolerated on this campus.

Equal Employment Opportunity and Affirmative Action Statement of Policy
Western Oregon University is dedicated to providing an open learning and working environment for all its citizens. As a comprehensive, liberal arts institution, the university seeks to provide high-quality programs in teacher education, special education, business, and liberal arts and sciences. In preparing our students for future roles in their communities, it is crucial that we encourage fairness, openness, and sensitivity to people of all backgrounds. Therefore, Western Oregon University is strongly committed to Affirmative Action and Equal Employment Opportunity both in policy and in spirit. Furthermore, the University will not tolerate harassment against any member of the campus community.

The example of non-discrimination set forth by University administration and faculty will no doubt influence students positively toward the same. The responsibility is henceforth placed upon administrative personnel to create and maintain an environment free of harassment based on race, color, sex, marital status, religion, national origin, age, mental or physical disability, or any reason prohibited by state or federal statute. To help monitor our progress in this area, affirmative action efforts and accomplishments will continue to be a part of all faculty and administrative evaluations.

Western Oregon University's success in meeting its Affirmative Action and Equal Employment Opportunity goals depends upon the campus community’s understanding
and support of the plan, including its intent and implementation procedures. The University shall take specific steps to ensure that all campus community members are cognizant of, and have access to, the Affirmative Action Plan.

Employees, job applicants, and students are encouraged to bring discriminatory and/or harassing behavior that exists in the workplace or classroom to the attention of the Affirmative Action officer.
Oregon State Board of Higher Education

MINUTES

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June 4, 2004

Oregon State Board of Higher Education
MINUTES OF THE SPECIAL TELEPHONIC MEETING OF THE STATE BOARD OF HIGHER EDUCATION

MAY 4, 2004

1. CALL TO ORDER/ROLL CALL/WELCOME

President Neil Goldschmidt called the telephonic meeting of the Board to order at 8:05 a.m.

On roll call the following members answered present:

Donald Blair  Tim Nesbitt
Bridget Burns  Geri Richmond
Kirby Dyess  Gretchen Schuette
Henry Lorenzen  Howard Sohn
Neil Goldschmidt

Absent: Rachel Pilliod and John von Schlegell.

Board’s Staff: Marcia Stuart and Virginia Thompson.

Others: President Dave Frohnmayer, Allan Price, Diane Saunders, and Lisa Zavala.

2. ACTION ITEM

a. UO, Naming of the University of Oregon Museum of Art

DOCKET ITEM:

Summary:
The University of Oregon sought Board approval to change the name of the University of Oregon Museum of Art to the Jordan Schnitzer Museum of Art at the University of Oregon. Oregon Administrative Rule 580-050-0025 specifies that, “No building or structure of the Department shall be named after a living person. However, the Board may make exceptions to this rule if a donor contributes a substantial share of the cost of construction or if other unusually meritorious reasons exist.”
**Background:**
The change of name of the University of Oregon Museum of Art to the Jordan Schnitzer Museum of Art at the University of Oregon is in recognition of Mr. Schnitzer’s great generosity to the capital campaign and the creation of a museum programming endowment for the new building project.

A 1973 graduate of the UO, Mr. Schnitzer served on the Museum’s Board during a time when it was considering a renovation to the historic building. That concept turned into an expansion project that added new spaces for exhibitions, collections storage, and infrastructure, almost doubling the square footage of the building, plus renovating the original 1931 building, most notably adding an air conditioning system.

From the beginning of these discussions, Mr. Schnitzer clearly understood the need to upgrade the museum facility so it could better serve the University’s public, the region’s arts community, and the national and international audiences it was attracting to its programs. His interest in the arts extends to developing an extensive collection of 20th-century American works and he has been generous in loaning them to the museum for special exhibitions.

Finally, his major financial gift to the capital project is significantly larger than any other gift that supported this campaign, and thus, deserving of the name being added to the museum. The Schnitzer family is a prominent family in Oregon and long associated with both the arts and philanthropy.

**Staff Recommendation to the Board:**
Staff recommended the Board approve the renaming of the University of Oregon Museum of Art to the Jordan Schnitzer Museum of Art at the University of Oregon.

**BOARD DISCUSSION AND ACTION**
President Goldschmidt reported that he and President Frohnmayer had a conversation several weeks ago about a matter that he felt needed to be handled in a very sensitive manner. Because of these circumstances, “it was not appropriate for us to put this on the regular agenda,” President Goldschmidt said.

President Frohnmayer indicated that later in the day the UO would have the official unveiling of the completed Museum of Art. The Museum, according to President Frohnmayer, “is really one of the crown jewels of the Pacific Northwest, a museum that has long since needed to have greater exhibition space, air conditioning, and so forth. We received some state bonding for it, but were required to match it. That involved a very significant capital campaign over a number of years.” The total amount of the project is around $14 million.
It was pointed out that art museums don’t have students attend them and there aren’t alumni of them; therefore, it is difficult, even though they are a central core of the campus and the artistic community, to find philanthropic donors to support them. It was explained that was the why the UO mounted a very significant campaign. “Jordan Schnitzer, from the beginning, was a key member of that campaign,” President Frohnmayer said. “He has made a very substantial pledge to the completion of the project and subsequent endowment of the project. Additionally, down the line, I think there is the possibility of continued support, whether in kind through his own very fabulous art collection, monetary gifts, or both. Jordan is very sensitive to personal publicity, but he agreed to our entreaties to have the building named after him. It does require formal Board action.

“Internal to the University,” President Frohnmayer continued, “it requires the action of the Faculty Advisory Committee, an elected body of the faculty and staff that reports to and advises me. That body unanimously recommended the naming. We could have gone forward with the naming and said, ‘subject to approval by the Board.’ However, we have a luncheon, reception, and press announcement later this morning and early afternoon in which we hope to make public the designation of the Jordan Schnitzer Museum of Art. My purpose for coming to you before the event is to ask your approval of that naming opportunity so that we can announce that at the same time as we announce the fact that we have completed the building and are moving the collection back in for a formal opening that will occur in October of 2004.”

President Goldschmidt asked if the management and leadership team on the campus had any standards about the scale of donation, the significance of the person in the history of the University, or other criteria that were used to approve these proposals.

The normal amount, the president reported, would be 50 percent of the cost of the capital project. “In this case, the discussion with Jordan Schnitzer preceded the adoption of that standard by several years,” President Frohnmayer reported.

When asked if the amount of the gift would ever be made public, the president responded that it would not. Vice President for University Advancement Allan Price indicated that the gift that Jordan Schnitzer made is a gift that will support the construction and will also create a permanent endowment that will support the operations of the museum. “That is why the guideline on 50 percent of the private construction wasn’t actually in play because it wasn’t totally a gift to support the construction.”

Director Sohn reflected that, from the comments of President Frohnmayer, “a good part of this has to do with the future potential as opposed to present contribution of dollars, at least that theme seems to run through your comments.” Additionally, Director Sohn
mused that Mr. Schnitzer did not seek the naming—rather the University sought to name it after him.

President Frohnmayer confirmed that the UO strongly encouraged Mr. Schnitzer to make the gift and they suggested the naming opportunity to him. “As to the first question, I can tell you that the monetary gift is in multiple seven figures,” the president concluded.

President Goldschmidt stated a potential conflict because Mr. Jordan Schnitzer’s business is a client of his firm. “I just want to assure the Board that I can abstain or not.” Director Lorenzen indicated that he would like the honor of making the motion because of his friendship with Jordan Schnitzer and great respect for what he has been doing with regard to philanthropy in Pendleton. Director Schuette seconded the motion.

Those voting in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Richmond, Sohn, Schuette, and Goldschmidt. Those voting no: None.

Motion passed.

3. **ADJOURNMENT**

President Goldschmidt adjourned the meeting at 8:35 a.m.

Virginia L. Thompson  
Secretary to the Board

Geraldine Richmond  
Board Vice President
1. CALL TO ORDER/ROLL CALL

Chair Don Blair called the meeting to order at 7:30 a.m.

The following Committee members answered present:

  Henry Lorenzen
  John von Schlegell (arrived at 7:45)
  Don Blair

The following Board members were also present:

  Bridget Burns  Geri Richmond
  Kirby Dyess    Gretchen Schuette
  Tim Nesbitt   Howard Sohn
  Rachel Pilliod

System Office staff present: Chief Operating Officer Jon Yunker, Tom Anderes, and Denise Yunker.

Others: Presidents Dan Bernstine, Philip Conn, Martha Anne Dow, Dave Frohnmayer, Ed Ray, and Elisabeth Zinser.

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

2. APPROVAL OF MINUTES

   • FBAPRE Committee Meeting, April 2, 2004

Director Lorenzen moved approval of the minutes as presented. Those voting in favor: Directors Lorenzen, von Schlegell, and Blair. Those voting no: none.
3. **CONSENT ITEM**

   a. **OSU, College Inn Lease**

   **DOCKET ITEM:**

   **Summary:**
   Oregon State University (OSU) sought 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 Lorrig 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 recommended 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 recommended 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 DISCUSSION AND ACTION:
Director Blair indicated that he had several questions related to the item that would provide him with a better understanding of the College Housing Northwest – Corvallis organization. “What I’m focused on is, having read the parameters of the College Inn proposal, is it consistent with the arrangements that it has with their other properties in terms of management fees, profit sharing, and other economic arrangements," he asked.

Mr. Mark McCambridge, Vice President for Finance and Administration, OSU, responded that he had not had an opportunity to do any research since the question was posed the day before. However, he had a conversation with Dr. Jay Kenton from PSU which is entering into a similar arrangement. “We are actually entering into a four-to-five percent better relationship than they have at this point in time," Mr. McCambridge reported. “Our fair management fee is set at five percent and Dr. Kenton suggested that their arrangement at the present time starts at 10 percent and is a sliding scale.”

For the benefit of the Board members, Mr. McCambridge explained that the organization is a 501 C 3 non-profit entity that has been in business for a number of
years. Their sole business is managing college housing and Gary Medaugh, the principal of the firm, has been with the organization since 1988.

Continuing, Chair Blair asked what happens to any profits or excess the College Housing Northwest earns on any one property. It was explained that OSU understands that the majority of what is recognized as profit, both the management fee and in the case where there is excess revenue, is actually required to operate the central activities. “What was suggested by the OSU housing people was the belief that if, in fact, the entity were to surpass its own budget, that excess of funds are then translated into programmatic activities for their properties in the following year,” Mr. McCambridge continued.

Chair Blair asked a hypothetical question: the implication of shortening the lease term and the bond amortization would be to raise the rents for student. “Is that correct?” The response was, it would be.

Director Lorenzen asked for clarification of the language that states, “. . .the staff recommends approval eliminating OSU college and capital project. . . and my question is: with this phrase, what is the meaning of ‘eliminating its corresponding approved limitation of $1 million Article XI-F Bonds and $11 million Other Funds?’”

Senior Vice Chancellor Anderes responded that at the present time the College Inn is a capital project. “The University originally was going to go through the process of renovating, upgrading, and operating the facility itself, not leasing it. They conducted a study and made the decision that it would be better to lease and, in this particular case, because it is an approved project, we have to go back to the E-Board to indicate that we are changing the status.”

Another question related to the agreement being a non-recourse debt against OSU and what stands as security for the debt. Mr. McCambridge responded that it’s a revenue bond.

Director Nesbitt said there was reference to the project “being developed in compliance with the public works statutes. Does that meet prevailing wage requirements?” The response was that it did. Continuing, Director Nesbitt asked if the employees or staff of the residence would be employees of the University and Mr. McCambridge responded that they would be employees of a non-profit entity and would be paid and receive the benefits that the non-profit entity provides. “This entity provides services to a number of facilities, including on our Bend campus,” Mr. McCambridge continued, “and supports activities at PSU. My understanding is that they support around 2,200 or 2,300 residence spaces in total for their organization.”
It was further explained that there was a competitive process and there were eight organizations or combinations of organizations that submitted proposals.

Director Lorenzen moved approval of the consent item. Those voting in favor: Directors Lorenzen, von Schlegell, and Blair. Those voting no: none.

4. **Report Items**


**DOCKET ITEM:**

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:

7) Address access/growth demand (more, faster)
8) Enhance program quality (better)
9) Support state/community priorities (better)
10) Increase energy efficiency, enhance sustainability (better)
11) Connect with community colleges (more, better, faster)
12) 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.

**BOARD DISCUSSION**

Director Blair began the discussion by reminding the Committee that “one of the most important parts of what we do as a Board is to help set up the budget for the next biennium, and a large piece of that is the capital budget. It doesn’t surprise anybody to know that we live in a world of very scarce resources. Therefore, one of the things that’s going to be very important for us to do is prioritize the projects and make sure that we are investing resources in the things that drive the governor’s agenda and the agenda of the Board. So, we’ve asked the universities to talk about their capital projects, but with a context of focusing on the Board’s agenda and making sure that they are prioritizing those projects that are most important to get those accomplished. So, we’re actually going to do this over the course of the next two meetings, and we’re going to spend quite a bit of time on it.”

Senior Vice Chancellor Anderes introduced the presentations, indicating that the real focus was on the biennial request. “As a subset of that, the real focus is on the state supported funding, the General Fund, and what are called the XI-G bonds. This funding is supported through the state. It is important to realize that the vast majority of projects are funded through funds other than the state. Director Blair was talking about prioritization of projects. Each of the campuses was given a set of guidelines, a way of looking and setting priorities. They are looking at access, quality, deferred maintenance issues, K-12/community college connections, and other state priorities that we can connect into, such as energy efficiency and sustainability. To give you a sense of
magnitude, right now we have about $910 million in terms of projects at the campuses. And that doesn’t include anything as far as our potential separate deferred maintenance request. Over the next two meetings, the focus will be on about $190 million in state supported bonding and General Fund projects. After the presentations are completed there will be a summary with all of the projects prioritized.

“At the July meeting, we’ll be at the point at which the projects are approved. You will see at that point over $1 billion, when we include deferred maintenance components. So, it’s a big request, some significant needs and, hopefully, as you have questions over the next couple of meetings we can really be able to focus on those and be able to have them all answered by the time the request will be finalized in July.”

**Western Oregon University**

President Conn introduced the presentation from Western Oregon University by indicating that “our most crying need for a building on campus at the moment is a building to house our business programs. Currently the business programs are in an 80-year old house.” Continuing, he pointed out that the classrooms are located in the Oregon Military Academy in leased space.

Mr. Darin Silbernagel, Vice President for Finance and Administration, further explained the project and added that, in addition to the building being old, it is not handicap accessible. There are two divisions involved in the project: business and economics and the mathematics department. The math department is likewise currently housed in a former three-story residence built in 1926 and has no handicap access; and, the computer science program is housed in the instructional technology center, which was previously an elementary school.

Mr. Silbernagel highlighted that the new building would provide total access; would have the most up-to-date technology to improve quality; and would allow for instruction and individualized training to occur without any wasted motion (to address the *more, better, faster* test). With the construction of the building, WOU will institute its first testing grounds for a cooperative program between Western and the community colleges of the region, including the opportunities for them to hold classes on the campus.

Cost savings will be realized through the elimination of some deferred maintenance and energy savings. Chair Blair asked what the cost of deferred maintenance would be to repair the existing buildings. Mr. Silbernagel replied that at least a half million on each of the buildings. “In terms of the Arnold Arms building (where the math department is housed), at some point, we will have to think about tearing it down.” It is estimated, budget-to-budget, that the cost savings for energy would be approximately $10,000 per year.
In response to a question regarding the availability of space in the Oregon Military Academy building, it was explained that WOU has a 30-year lease that would end in five to seven years. President Conn reminded the Committee that WOU owns the building and that the lease refers to an understanding, an arrangement whereby WOU gave the Oregon Military Academy the land, with the understanding that WOU would have some use of the building over a 30-year period.

Southern Oregon University

President Zinser began her discussion with a brief snapshot of projects currently underway: Hannon Library and Learning Center (due to be completed in February 2005); Madrone Student Housing (due for completion in September 2005); and Stevenson Union major remodel (schedule to be completed September 2005).

For the coming biennium, SOU has three high priority projects. One is the instructional facility in Medford, which is important because it would be designed and developed in harmony with Rogue Community College, Riverside campus. “We hope that, with funding authorization by June 2005,” President Zinser explained, “the design could be completed by April 2006 and construction completed by August 2007. We anticipate the annual operating budget afterward would be about $150,000.”

Director von Schlegell asked who handles things like security, janitorial, and so forth in a cooperative venture. President Zinser responded that was part of the agreement in terms of joint responsibility for the facility. In addition to Rogue Community College, the Medford Downtown Renewal Authority and the City of Medford are working cooperatively in the design and development of the facility. The primary purpose for the building is to catch up on enrollment growth and to enable increased cooperation between the two educational entities.

“Finally,” President Zinser underscored, “OHSU’s new nursing curriculum will be a part of the use of the complex as well.”

Chair Blair asked for clarification regarding the operating costs of $150,000, wondering if “that’s the additional cost you expect from this building, netting out the lease cost saved and the energy savings, and so forth.” SOU vice president Bolstad indicated those were rather soft numbers and they would change once the building was farther along.” It was agreed that, at the least, the project would break-even on costs.

President Zinser described the science facility as needed to “catch up with SOU’s advancements in the sciences and its capacity to serve regional development. “ SOU is beginning to attract excellent faculty, are being successful in acquiring research funds
from sources such as the National Science Foundation and Murdock. However, these faculty and grants are “housed in some very antiquated and crowded environments,” the president explained. A considerable amount of undergraduate research is occurring and the need for a new building is critical.

Chair Blair asked for an explanation of the matching requirements of the projects being described. Senior Vice Chancellor Anderes explained that “there should be a dollar-for-dollar matching requirement for an Education and General building. So, if the building is $50 million, $25 million would come from General Fund or Lottery bonds and $25 million from another source.” Dr. Anderes underscored that Lottery bonds can be used as part of the match. Chair Blair asked if this funding model were embedded in statute or policy. Anderes indicated it would require a statutory change and it is unlikely that there would be such a change.

“We’ve actually talked about the match in the flexibility initiatives where we were looking for a 3-to-1 match. There could be other ways that we could look at this in terms of use of the facilities and other entities that might want to use the facility and perhaps could subcontract or lease part of it. But the one-to-one, unless you can get a substantial portion of that out of Lottery bonds, or just flat out General Fund versus the Article XI-G bonds, it is pretty tough.”

With the SOU science proposal, there was an initial $4 million specified in the first biennium. It was explained that this was for planning purposes. Vice President Bolstad explained that, “SOU’s experience has been that approximately 20 percent of the total project budget would be spent on planning the design work with architectural and engineering consultants. So this would take us, working with those consultants, from conceptual design through design development and prepare us for the full construction project in the 2007-2009 biennium.” In answer to questions about how far into the project the $4 million would get SOU, Mr. Bolstad explained that, with that level of planning money, it would get them to, if not all the way through, working drawings ready for bid on the project.

On the operating side, Mr. Bolstad indicated that, based on very gross calculations, there would be $552,000 in net traditional operating and maintenance costs savings.

In response to further questions regarding the matching funds, Senior Vice Chancellor Anderes indicated that lottery bonds and private gifts would count as part of a match. “What happens is, if you get an allocation on a $40 million building and you get $10 million in General Fund, and you’ve got that sitting there, you then have $30 million from which you are looking at a one-to-one match, or $15 million from Article XI-G bonds and $15 million from something else, which would be gifts, grants, and/or Lottery bonds. So, you take the General Fund off the top of the project and then determine the bonding
after that.” President Zinser pointed out how difficult it was for small institutions to raise sufficient funds to cover the match that is required.

Finally, SOU is proposing a theatre arts building addition. “We would be focusing on a fundraising campaign to include private fundraising that we feel is possible for the $4.2 million cost of this project. The project would propel the theatre program to a level that is consonant with the area’s strength in theatre and allow SOU to not only serve the growing enrollments, but do so with much higher quality and be able to take the appropriate position that our program should have in the state and national perspectives around theatre education.”

President Zinser explained that they are in the quiet phase of a local/regional private fundraising effort. “What we want to do is put our focus for state funds on the science project because that is so overwhelming in size and scope that we know that we could not do that at anything close to what we could do in theatre.”

Chair Blair asked if President Zinser thought there was any way they could raise the full cost of the theatre project. She responded that had been her hope and if they can, they will, but she is not certain they are in a position to be able to do it.

Portland State University

Portland State University’s capital construction plan is tied to the University District Plan that had been approved by the City approximately ten years ago. The District Plan guides the development of construction projects and seeks to increase the number of businesses in the central city, incorporates housing in the neighborhood, expands public transit, and supports open and green spaces. “All of these are strategies for downtown living, which is really central to Portland’s claim as the nation’s most livable city,” President Bernstine explained. “The projects will help the University meet the goals of expanding access, serving more students better and faster, and also improving academic excellence while contributing to the economic development of the region and of Oregon.”

It was pointed out that, with respect to access, as PSU continues to meet the enrollment demand for the region, if resources are available, they will be serving about 35,000 students by 2012. It will be necessary to have the classrooms, research laboratories, and offices, and sufficient housing for students who want an on-campus experience.

Second, a key strategy for PSU is responding to the Board’s challenge to serve more students better, faster, and to meet state/community priorities. “In order to do that, we are looking to further our partnerships with the community colleges and that also
requires new facilities, possibly in locations that are linked to the community transportation and work hub outside the central city,” President Bernstine highlighted.

“With respect to building greater program excellence and supporting economic development, our plans are tied to the economy of the region and are heavily dependent upon investments in engineering, science, and technology,” he added. “Finally, our projects incorporate the principles of sustainability. As we move forward, we’ll be focusing on 1) developing strong partnerships with the community colleges and OHSU, and 2) building a neighborhood that’s inviting to the growing Portland metropolitan demographic group, which is primarily individuals in their mid-20s and 30s who are looking for a vibrant place to live.”

Vice President for Finance and Administration, Jay Kenton, explained that he had 14 projects to highlight.

The first General Fund project presented is a community college partnership scenario involving Clackamas, Mt. Hood, Portland, and Chemeketa Community Colleges. “We believe, if we can get an authorization of Article XI-G bonds, we could come up with a local match from community colleges, either through property tax levies, tax increment financing by local or county development agencies, or other funds,” Dr. Kenton pointed out. The hope is that an Education Center could be situated on light-rail lines that will serve the growing population and provide greater access. This is a conceptual project for which PSU is asking a $30 million authorization—$15 million of Article XI-G bonds to be matched by $15 million of local property tax funding.

Chair Blair asked if this were a conceptual placeholder and Dr. Kenton said they potentially have specific projects in mind, adding that this would be a substantial building project.

The second project on the PSU list is another General Fund request of $3 million authorization with $1.5 million of Article XI-G bonds to be matched by grants and donations. This would be used to move a hazardous waste treatment kiln and foundry out of Neuberger Hall, a major classroom building, to PSU’s West Heating Plant, a more remote site.

The third project described was a science laboratory renovation. With the movement of engineers out of their present location, it would free up laboratories to serve the growing needs for sciences at PSU. “Those labs were built in the 1960s and many of them were designed to be engineering labs and will require a certain amount of renovation to convert into wet-labs for science use with a few hoods and the like,” Dr. Kenton pointed out. This is a $2.5 million request in Article XI-G funds with donations and federal and local funds.
The fourth project was another Education and General request to acquire land for a future classroom building. PSU preferred not to identify the location at this time. Director Lorenzen asked why PSU doesn’t make more aggressive use of the eminent domain in acquiring land. Dr. Kenton reminded the Board that they had with the acquisition of the DoubleTree property.

President Bernstine pointed out that the Board did not have much history of eminent domain. Dr. Kenton added that one reason PSU has not used this strategy is that community relationships are important and “when you take property from people, it leaves a lot of animosity. I don’t know what the Board’s appetite is for entering into these types of relationships.”

Director Lorenzen indicated that he thought “this is something that we should examine. And it very well may be that there are considerations against using that power, but there also may very well be certain circumstances when it is appropriate. It may be something that we need to visit on a more formal basis.”

As background information, Dr. Kenton reminded the Board that blocks of ground in the PSU neighborhood sell between $4 and $6 million, with no improvement. So, it is fairly expensive property and that forces vertical development (i.e., high-rise development) just to spread it over a larger development area.

The next projects Dr. Kenton presented were for use of Auxiliary or Other Funds. No General Fund supported bonds are to be requested for these projects. One is acquiring the City Tower at 1900 4th Avenue. It is adjacent to the new engineering building and is part of a major subterranean and massive structure. “We bought out the development company. However, they held the air rights above the structure. They built the City Tower, the 1900 4th Avenue building, in those air rights above that parking garage. They then gifted the air rights back to us for the area where we’re going to build the engineering building. In our discussions with the City, they would just let us assume their outstanding indebtedness of $24.6 million on the building, take it over, and sign leases to lease back 100,000 square feet at $25 per square foot rents. That alone would pay the debt service on the building,” Dr. Kenton explained.

Another project discussed is part of creating a vibrant, very “trendy” district that attracts highly educated people – predominantly younger folks that are going to drive the economy into the future. “We’ve been talking to a restaurant that is interested in coming on campus and they want a 75,000 square foot location. This would not necessarily come through the capital budget, but we would come back to you and ask you to approve those leases at the time they are executed.”
Dr. Kenton provided information on performance contracts for the heating plant. PSU has been working with a performance contractor that has assured them, if they can arrange the financing, they can bring state-of-the-art equipment to the campus for a heating plant. PSU would have a 15-year payback period. The savings in energy costs guaranteed by the contractor would be about $450,000 per year.

PSU would like to exercise a purchase option to house the Portland Business Accelerator. In conjunction with Portland Development Commission, OHSU, and others, PSU would operate a business accelerator to assist start-up companies and create sustainable, high wage jobs. PSU would be requesting authorization for $8.5 million in Article XI-F bonds to purchase and renovate the facility. “We would like to bond it over a 30-year amortization to keep the rents low. These are start-up companies that are funded by ‘angel’ and other venture capital providers and cost obviously is a major factor.”

Director von Schlegell asked if it were possible to include OHSU in the project. Dr. Kenton indicated that they have actually combined efforts with OHSU. “I think OHSU’s incubator will focus predominantly on these wet-lab and medical/science companies. This facility, we think, can be used long-term for both the higher tech and other needs.”

Dr. Kenton indicated that in 1994, PSU approached the City and asked them to designate a 52-block area as the University District. “We’re actually studying an extension that would more than double that and would actually go down and touch the North Macadam area. We have thoughts about creating a research park in conjunction with OHSU. If you think about it, you can create a research triangle of sorts with PSU, OHSU, and North Macadam at the apex of that triangle.”

Continuing, Dr. Kenton indicated the PCAT building. PSU is working with the Portland Development Commission to redevelop it as a mixed-use development around the area just to the south of the Urban Center. “We talked to the USGS and they have a number of water-quality Ph.D. scientists that would like to move onto the PSU campus. We’re into lease negotiations with GSA and others and there would be 60-80,000 square feet of academic space for PSU as well as parking.”

Another item is retail development – a placeholder that PSU would like to put in the capital budget. The seventh priority is for a mixed-use residential facility. “When the Board approved the DoubleTree acquisition, we were actually buying a development site and this is the first of those re-development options that would build a major high-rise tower with underground parking, first floor retail activities, academic space, and student residence halls. PSU would require $60 million of Article XI-F(1) bonds.”
The eighth project presented was a new parking facility. Parking is always a challenge and PSU is simply in short supply in this area.

Ms. Christy Harper, ASPSU Student Body president, indicated that the number one priority now for the student building fee is the renovation of Smith Memorial Student Union. The second priority is for a new student recreation center. “This recreation facility is something that has been needed for some time,” she observed, “and the current facility is shared with physical education, student recreation, and the department of athletics. We are definitely in need of a new building.”

Ms. Harper explained that currently, student fees already support parts of the operations in the current facility, so the new center would be an extension of that. When asked if something would have to be taken down to provide space, Ms. Harper indicated that there would be one house that would be moved and another that has already been condemned. “But currently, that is the only thing on the site. It is $30 million in student recreation and retail and another $12 million for student housing on top of it.”

Chair Blair indicated that it would be helpful at some point to get a sense of the enrollment growth in the academic disciplines and a sense of the additional space that the projects presented would free up.

Director von Schlegell indicated that he would be interested in more information about the possible research triangle. “I think that is intriguing and something that the Board might want to do.”

Director Nesbitt said he assumed that the Article XI-F(1) bonds were revenue bonds. “Are there any other formulas that we should understand about what is required for our approval of those? Upper limits? And what kinds of sources of revenue can be bonded with those?”

Senior Vice Chancellor Anderes responded that each campus would be establishing their own threshold based on student building fees and other funds.

For PSU, Dr. Kenton indicated that, “number one is they are general obligation bonds. The state doesn’t have revenue bonds, but Article XI-F(1) bonds are general obligation bonds that function like a revenue bond in that the state looks to make sure that you have a revenue stream that would retire the debt.”

Continuing, he said he would “encourage the Board to pay attention to debt burden ratios with each campus. What percentage of operating expenses is dedicated to debt service? At PSU today, that is 2.9 percent—most investment bankers will tell you that you’re low if you’re below five percent; that you’re in the middle if you’re between five
and 15 percent; and you’re high if you’re over 15 percent. Those are some things that obviously you need to look at because the institution is liable to pay the debt service and operating costs on facilities for the life of the facility.”

b. Impacts of Measure 30 Reductions

DOCKET ITEM:

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></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>
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<tr>
<td>Student Affairs</td>
<td>197,000</td>
<td>8.5%</td>
<td>2.00 FTE faculty and staff</td>
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<tr>
<td>Business/Finance</td>
<td>100,000</td>
<td>2.2%</td>
<td>0.75 FTE faculty and staff</td>
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<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.

**BOARD DISCUSSION:**

Senior Vice Chancellor Anderes provided an overview. “What we’ve been talking about is the $7.5 million that is OUS’ share of the shortfall that resulted from failure of Measure 30. As part of the Board’s restructuring efforts with the Chancellor’s Office, there will be $1 million of that reduction coming from the reorganization. The remaining $6.5 million would be coming out of the campuses. Each campus has to identify a set of dollars and indicate what they are going to do in terms of making specific reductions. The materials we have provided attempts to do that. The impacts vary by campus. This is an accumulation of $150 million or more over two biennia that we’re looking at in terms of General fund reductions.

“Very generally, some of the campuses have reduced course offerings, some have made administrative program reductions, and so forth. There has been a reduction in the basic services and supplies, delay of filling vacant positions,” he continued. “The reason for taking this item to the Committee at this time relates to the fact that, at the June E-Board meeting, OUS is scheduled to make a presentation so that the Legislature is aware of how the System has approached the reductions.”

Chair Blair began by asking a general question, “Am I correct in assuming that for each of the institutions, we’re not making any changes to the tuition and fees that have been previously set by the Board and the presidents?”
President Zinser indicated that was the case for SOU. “In our case, the only modification is we’ve adjusted our approach to a modified plateau approach.”

President Frohnmayer responded that the cuts at UO are premised on the capacity of the University to achieve the tuition levels that have been previously proposed to the Board and would be acted on in June. At WOU, President Conn said they have not altered the tuition rates or any other aspect of tuition. Oregon State University, according to President Ray, is staying with the request made last summer for increases for FY 2005. “We’re now assessing whether or not we’re going to go the full $25 with respect to the plateau increase we had put in the note. We’ll be back in June with clarity on that.”

President Dow reported that they reduced their request from a nine to a three percent increase for the April approval. “That does include the elimination of the plateau. We had also contemplated a resource fee for the engineering and health professional curricula, but we have removed that,” she added. The biggest concern for OIT is that they have committed $500,000 from fund balances.

President Lund indicated that EOU is still looking at the continued removal of the tuition plateau and 10 percent tuition increase. Chair Blair pointed out that in the materials provided by Eastern, it suggested that there would be a projected deficit for the current year and asked for further clarification.

“Our best projections,” President Lund responded, “indicate that we would be looking at about a $1.5 million deficit at the end of 2004-05. In order to respond to that, we have just recently, in the last two weeks, announced $1 million in cuts, including some personnel that will not be renewed for 2004-05. The plan is to draw down our fund balance to make up for the balance of that $500,000 additional deficit.”

In response to Chair Blair’s question about the estimate of the fund balance as a percent of the overall budget, President Lund said that it is at approximately $3 million now and would be drawn down to around $2 to $2.5 million.

Director Lorenzen mentioned something “that may show my parochialism. The one thing I’ve been impressed by is the fact that Eastern, and maybe other small universities as well, because they enjoy a greater percentage of General Fund support, when General Funds are cut, they also then suffer a greater impact as a result of the shortfall.”

Dr. Kenton indicted that PSU had planned for the failure of Measure 30. “we do plan to amortize off some of our fund balance, which is presently at about 12 percent.”
President Frohnmayer pointed out one additional point. “To the extent that fund balances are increasing, they are not increasing across the System evenly. We’re all staring in the face the January 1, 2005, PERS Other Funds obligation. That is just huge in terms of the impact that will have on the cash flow.” Continuing, he highlighted that “a snapshot of fund balances is very misleading, unless one takes into account the huge payback obligation to the state from our Other Funds balances. I think that needs to be stated as part of the overall fiscal planning that all of us have to go through.”

Director von Schlegell requested further explanation of the dilemma being described. President Frohnmayer indicated that “the legislature, in House Bill 2148, passed a measure that imposes an obligation upon each of us, upon the System, to pay back Other Funds revenues—even those that are tuition derived—so, essentially, this is a tax on our students and their tuition, in order to make up for what is perceived to be a savings we would make in the PERS payments that otherwise would be due because of PERS reforms. This, of course, against a backdrop of not having a clue of what the Supreme Court of Oregon is going to do with the PERS reforms itself. But we prudently have to reserve against that. We have no present indication that the Governor or legislature are going to do anything to insist upon the full repayment of what House Bill 2148 indicates in the Other Funds obligation.”

Chair Blair asked for a projection of the amount of these obligations for the System. Chief Operating Officer Yunker indicated that it is a $14 million liability Systemwide for the PERS.

Referring to the fund balances, Senior Vice Chancellor Anderes indicated that there is a continuous review of where the revenues/expenditures are within the System. He indicated that the fund balances are increasing and the System “has been working with each campus to identify what the potential expenditures are, including the PERS issue.”

Director Nesbitt asked what the magnitude of the $1 million Measure 30 share in the Chancellor’s Office compares to the General Fund allocation for the Chancellor’s Office. Senior Vice Chancellor Anderes indicated that the $1 million would be against the Chancellor’s Office Education and General biennial figure of about $20 million.

Continuing, Director Nesbitt reminded the Committee that at earlier meetings the idea of achieving perhaps half of the $7.5 million in savings from Chancellor’s Office reductions. “I would hope that we’re going to continue the effort this biennium to achieve what cost reductions we can to really test ourselves against that goal of $3.5 million.”

Vice Chair Richmond indicated that the reductions to be decided by the Board were just the beginning. “As we seek the further reductions, we’re trying to do so as quickly as possible, but also as strategically as possible.”
5. **ADJOURNMENT**

   It was moved by Director Lorenzen, seconded by Chair Blair that the meeting be adjourned.

   The meeting adjourned at 9:30 a.m.

   Virginia L. Thompson
   Secretary to the Board

   Geraldine Richmond
   Board Vice President
MINUTES OF THE REGULAR MEETING OF THE BOARD OF HIGHER EDUCATION
EASTERN OREGON UNIVERSITY
HOKE MAIN LOUNGE, HOKE COLLEGE CENTER

MAY 7, 2004

1. CALL TO ORDER/ROLL CALL/WELCOME
Vice President Geraldine Richmond called the regular meeting of the Oregon State Board of Higher Education to order at 9:45 a.m.

On roll call, the following Board members answered present:

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

System Office staff present: Chief Operating Officer Jon Yunker, Senior Vice Chancellor Tom Anderes, Dave McDonald, Ben Rawlins, Virginia Thompson, and Susan Weeks.

Others: Presidents Dan Bernstine, Philip Conn, Martha Anne Dow, Khosrow Fatemi, Dave Frohnmayer, Dixie Lund, Ed Ray, and Elisabeth Zinser.

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

Vice President Richmond reported that Neil Goldschmidt had announced his resignation from the State Board of Higher Education for personal reasons. “Neil played a key role in getting us assembled on a new track and giving us fuel to get that train started. For that we are very grateful and we share the Governor’s response yesterday that we owe him a great debt for his service. There is no doubt that his departure leaves a momentary vacuum, but as we all know from our favorite introductory physics courses, nature abhors a vacuum. If there is anything I have learned in the past several months of working with these Board members, it is that these team members are ultimate type A personalities who live and thrive on challenges and developing strategies for solving problems,” Dr. Richmond continued.
Jon Yunker, the Chief Operating Officer, was introduced and Director Richmond said he would serve over the next six months in a transitional role.

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

**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
DRAFT: Developed during Strategic Planning, 2003-04

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
### Western Oregon University

#### Student Access/Success Information

<table>
<thead>
<tr>
<th>ENROLLMENT</th>
<th>NUMBER OF STUDENTS</th>
<th>1-yr Change</th>
<th>5-Yr Change</th>
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<tr>
<td>2003 Enrollment</td>
<td>#</td>
<td>FTE</td>
<td>SCH</td>
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<td>WOU</td>
<td>5,032</td>
<td>4,324</td>
<td>63,971</td>
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**Gender**

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<td>Women</td>
<td>60%</td>
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<tr>
<td>Men</td>
<td>40%</td>
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<tr>
<td>International</td>
<td>1.4%</td>
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**Ethnicity**

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<tr>
<td>American Indian</td>
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<td>Asian/Pacific Islander</td>
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<td>Black</td>
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<td>Caucasian</td>
<td>81.2%</td>
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#### Extended Programs and Summer Session

**2002-2003 Enrollment**

| Number of Students (duplicated head count) | 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**

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<tr>
<th>Percentage Change from</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>
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<tr>
<td>Total Students-Headcount</td>
<td>--</td>
<td>5032</td>
<td>5030</td>
<td>4878</td>
<td>4731</td>
<td>4515</td>
<td>4519</td>
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<tr>
<td>Total Students-FTE</td>
<td>-1.2</td>
<td>4386</td>
<td>4439</td>
<td>4341</td>
<td>4121</td>
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<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>
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<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>
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<tr>
<td>Total New Students</td>
<td>+8.5</td>
<td>1391</td>
<td>1283</td>
<td>1323</td>
<td>1352</td>
<td>1287</td>
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<tr>
<td>Total Freshmen</td>
<td>+10.4</td>
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<td>1225</td>
<td>1235</td>
<td>1194</td>
<td>1161</td>
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<td>Sophomores</td>
<td>-9.8</td>
<td>799</td>
<td>886</td>
<td>815</td>
<td>758</td>
<td>740</td>
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<td>Juniors</td>
<td>-2.2</td>
<td>929</td>
<td>950</td>
<td>919</td>
<td>926</td>
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<td>Seniors</td>
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<td>1228</td>
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<td>Graduate Students-Full Time</td>
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<td>155</td>
<td>114</td>
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<tr>
<td>Graduate Students-Part Time</td>
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<td>209</td>
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<tr>
<td>Special Students-Undergrad*</td>
<td>+15.3</td>
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<td>72</td>
<td>76</td>
<td>132</td>
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<td>66</td>
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<tr>
<td>Special Students-Graduate*</td>
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<td>106</td>
<td>160</td>
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<td>Oregon Citizens</td>
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<td>4565</td>
<td>4511</td>
<td>4389</td>
<td>4219</td>
<td>4070</td>
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<td>International Students**</td>
<td>-16.7</td>
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<td>90</td>
<td>93</td>
<td>85</td>
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<td>Non-citizen Alien Resident**</td>
<td>+2.8</td>
<td>73</td>
<td>71</td>
<td>56</td>
<td>47</td>
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<td>Total from Underrepresented Groups</td>
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<td>492</td>
<td>478</td>
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<td>American Indian/Alaskan Native</td>
<td>+14.8</td>
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<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>On Campus-Student Housing</td>
<td>+10.6</td>
<td>1219</td>
<td>1102</td>
<td>1029</td>
<td>1029</td>
<td>1044</td>
<td>1011</td>
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</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>Fall 2003 Headcount</td>
<td>5,032</td>
<td>79,558</td>
</tr>
<tr>
<td>Total FTE enrollment</td>
<td>4,324</td>
<td>67,439</td>
</tr>
<tr>
<td>Undergraduates</td>
<td>4,470</td>
<td>64,516</td>
</tr>
<tr>
<td>Percent 25 or older</td>
<td>15%</td>
<td>23%</td>
</tr>
<tr>
<td>Percent part-time (&lt;12 hours)</td>
<td>11%</td>
<td>22%</td>
</tr>
<tr>
<td>Graduates</td>
<td>562</td>
<td>15,042</td>
</tr>
<tr>
<td>Masters, postbaccalaureate, non-admit</td>
<td>562</td>
<td>11,519</td>
</tr>
<tr>
<td>Doctoral, first-professional</td>
<td>0</td>
<td>3,523</td>
</tr>
<tr>
<td>New undergraduate community college transfers</td>
<td>313</td>
<td>4,545</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>African American</td>
<td>74</td>
<td>1,447</td>
</tr>
<tr>
<td>American Indian</td>
<td>62</td>
<td>988</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>155</td>
<td>5,306</td>
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<tr>
<td>Hispanic/Latino</td>
<td>266</td>
<td>2,802</td>
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<tr>
<td>White</td>
<td>4,086</td>
<td>58,467</td>
</tr>
<tr>
<td>Unknown / Multiple Ethnicities</td>
<td>320</td>
<td>6,665</td>
</tr>
<tr>
<td>Nonresident Alien</td>
<td>69</td>
<td>3,883</td>
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<tr>
<td>Total annual unduplicated headcount (2002-03)</td>
<td>6,702</td>
<td>107,626</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>Total</td>
<td>823</td>
<td>15,199</td>
</tr>
<tr>
<td>Associate</td>
<td>1</td>
<td>87</td>
</tr>
<tr>
<td>Bachelor's</td>
<td>655</td>
<td>11,063</td>
</tr>
<tr>
<td>Master's</td>
<td>167</td>
<td>3,433</td>
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<tr>
<td>Doctoral</td>
<td>0</td>
<td>357</td>
</tr>
<tr>
<td>First Professional</td>
<td>0</td>
<td>259</td>
</tr>
</tbody>
</table>

### Tuition & Fees: 2003-04

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

- Resident undergraduate $4,305
- Resident graduate 7,614
- Nonresident undergraduate 12,570
- Nonresident graduate 12,858

### Resident Undergraduate Student Budget, 2003-04

Total = $13,536

- Tuition & Fees $4,305
- Room & Board $5,976
- Books & Supplies $1,080
- Personal Expenses $2,175
Faculty: 2003-04 (Full-Time Ranked Instructional)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>155</td>
<td>88</td>
<td>67</td>
<td>57%</td>
</tr>
<tr>
<td>Professor</td>
<td>34</td>
<td>23</td>
<td>11</td>
<td>68%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>55</td>
<td>28</td>
<td>27</td>
<td>51%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>51</td>
<td>29</td>
<td>22</td>
<td>57%</td>
</tr>
<tr>
<td>Instructor/Lecturer</td>
<td>15</td>
<td>8</td>
<td>7</td>
<td>53%</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 N</th>
<th>WOU %</th>
<th>OUS N</th>
<th>OUS %</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>4.8%</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**: 757,184 gsf*
    - Percent built between 1960-1975: 25%
    - Percent of E&G in deferred maintenance: 5%
  - **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

*gsf = gross square feet
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

Board Presentation and Discussion
President Conn connected the interests and priorities of Western with those of the Board. Access and affordability have always been of great import to the institution. “Over 1,000 of our students are now from Salem,” he highlighted. Approximately 200 students transfer from Chemeketa Community College and another 171 transfer from four-year institutions. The total number of transfer students is 701. A co-admission agreement has just been finalized with Clatsop Community College. In addition, President Conn noted that half of the student body continues to be first generation
students. Over recent years, WOU has awarded some type of financial aid to 75 percent of the students. “We are concerned about affordability,” President Conn indicated, “and toward that end we are making plans to increase our philanthropic funding of scholarships.”

WOU continues to have a 71 percent freshman persistence rate, with aspirations to move to a higher percentage. There is a wide range of activities and programs that support student success and emphasis continues to be put in this area. To enable students to complete their degree in a shorter timeframe, they are working toward a true summer quarter concept for the summer session.

A large percentage of WOU graduates remain in Oregon, an important aspect of enrichment to the economy. “We estimate that roughly 20 percent of all K-12 teachers in Oregon have graduated from Western Oregon University,” President Conn pointed out.

“In conclusion, I will merely say that we are strongly committed to what we feel is a distinctive mission. We think we fill a role in the Willamette Valley that complements that of the larger institutions. They are roughly four times our size, but we give an alternative for 5,000 students that we think is extremely important and we are tremendously excited about our promising future,” President Conn concluded.

When asked by Director Lorenzen what the major stumbling block is to allowing transfer between community colleges and WOU, President Conn replied that it is getting faculties to agree what courses are comparable and, therefore, should be accepted openly as being the same whether offered at one institution or another.

3. **APPROVAL OF MINUTES**

- Special Board Meeting, March 31, 2004
- Executive Session Meeting, March 31, 2004
- Regular Board Meeting, April 2, 2004
- Executive Committee Meeting, April 15, 2004

Director Dyess moved that the minutes of the four meetings be approved as submitted. Those voting in favor of the motion: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, von Schlegell, Schuette, Sohn, and Richmond. Those voting no: none.

3. **ACTION ITEMS**

- Full Board

f. **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 requested 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 would allow 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 recommended 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 DISCUSSION AND ACTION:
Ms. Denise Yunker, OUS Human Resources, briefly summarized the proposed rule. “The University System had been out of this practice since passage of Senate Bill 271,” she explained, "and this is a request to reinstate that opportunity for employees to retain sick leave balances when transferring from or to another state agency."

Director Dyess asked if there was a cost associated with this change. Ms. Yunker observed that the cost is a “specific provision in the clause that says that the receiving agency then assumes liability for sick leave.”

Director Nesbitt was concerned about consistency between represented and unrepresented employees in terms of these arrangements. Joe Sicotte, Associate Vice Chancellor, OUS Human Resources, responded, “I believe the SEIU contract is with the Department of Administrative Services, all the state agencies and the higher education contract have the same provisions for the transfer of sick leave.”

Director Sohn moved approval of the staff recommendation. On roll call the following voted in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Schuette, and Sohn. Director Richmond abstained because of a possible conflict of interest and Director von Schlegell abstained because of a lack of information.

g. Chancellor’s Office Restructuring

DOCKET ITEM:

Overview of Chancellor’s Office Reorganization

The proposed Chancellor’s Office reorganization is designed to focus the office on the development and implementation of policy, institutional objectives, management reporting and control systems, planning and analysis capability, and communications and government relations. The Chancellor’s Office will continue to be responsible for Systemwide auditing, budgeting, and allocation of General Funds. In addition, the Chancellor’s Office will continue to perform those functions required of it by statute.

The Chancellor’s Office should provide the maximum autonomy and flexibility to the institutions while maintaining its commitment to the public purposes for which it was founded. It is imperative that the Chancellor’s Office operates in a truly consultative relationship with the presidents of the seven universities. The role of the Chancellor’s Office should be to focus on policy, advocacy, strategy, incentives, and accountability for
educational outcomes, leaving the universities more freedom to mount programs and offer services in any way so long as they are consistent with their Board-approved mission and will serve the state’s educational goals.

To the extent feasible, the Chancellor’s Office will divest itself of the responsibilities for providing service functions and technical support. The desirability to maintain Systemwide standardization and economies of scale will impact upon the nature and extent of the activities ultimately retained. Emphasis will be placed on shifting the development and implementation of academic programs to the university, college, or other affected agency entity. However, the Chancellor’s Office staff will provide coordinating support to assure that the desired Board programs and initiatives are effectively communicated and implemented.

Often there will be no bright line separating what functions and activities are most appropriately carried out in the Chancellor’s Office as opposed to the university level. The fundamental philosophy behind the reorganization proposal is to concentrate the activities of the Chancellor’s Office on higher-level policy, operation, and management issues.

Issues of Consideration in the Chancellor’s Office Reorganization

Introduction
In mid-1991, the Oregon State System of Higher Education (OSSHE) Board formed the Board Administrative Review Committee (BARC) to conduct a comprehensive review of OSSHE operations and costs. BARC authority to make recommendations for changes was based on a budget note in Oregon Senate Bill 5519, which required OSSHE to conduct a comprehensive review of its Systemwide operations, including the Chancellor’s Office.

In regard to the Chancellor’s Office, BARC was asked to comply with the SB 5519 budget note directive to:

“...identify budget cuts of up to 50 percent; and investigate the feasibility of eliminating the Chancellor’s Office function altogether.”

(BARC Exec. Summary p. i.)

Composed of several OSSHE Board members, other Oregon citizens, and members from the colleges and universities within the System, BARC obtained the services of KPMG Peat Marwick to help them with their work.

As the study of the Chancellor’s Office progressed, it became clear that cost savings approaching the SB 5519 mandated 50 percent could not be obtained without redefining the role of the Chancellor’s Office. Indeed, BARC found that many within the Chancellor’s Office, leaders on the OSSHE campuses, and legislative leaders agreed that if the Chancellor’s Office were to be kept, it should be reorganized to improve its: “Advocacy,” “Policy, Standards and Coordination,” and “Strategy and Planning”
functions while it “…divests ‘Direct Service’ and ‘Technical Expertise’ functions.” (IBID. p. iii.)

BARC did not recommend a specific new structure for such a reorganized Chancellor’s Office, but it did recommend reductions in Chancellor’s Office “Direct Services” and “Technical Expertise” functions, the cost of which at the time was $4.1 million. BARC also recommended that the role of the Chancellor’s Office should change from a provider of central administrative services to a policy and advocacy role and that the change “…could result in the elimination of most of the costs associated with these services.” (IBID. p. iii.)

More than ten years have passed since the BARC study. In the interim, some important efficiencies in the Chancellor’s Office have been made. Efficiencies in accounting procedures, data management, and a greater ability for universities to operate more independently in some budget matters have been helpful and welcome changes. These changes notwithstanding, it may have been unreasonable to expect a complex organization like the Chancellor’s Office to change itself. The essential concerns raised by BARC remain unchanged. The Chancellor’s Office continues to operate as an administrative and technical service provider to universities. There are times when the “layering” of expensive administrative activities that BARC found in the OUS staff duplicates expertise found on the campuses. The emerging advocacy and policy roles for the Chancellor’s Office remain problematic. It is not clear that this advocacy is helping to build the sense of confidence among Oregon’s citizens and other important constituencies that the University System needs to better serve the cause of higher education in this state.

The following recommendations to reorganize Academic Affairs within the Chancellor’s Office are consistent with the BARC recommendations, but they are not simply or only updated BARC recommendations. The fiscal crisis in Oregon, coupled with the increasing costs of higher education, may be placing the access and affordability of a public college education beyond the means of too many prospective students. Given this crisis, there may be no better time than now to reconsider how well the OUS is serving the state. The expectation is that a clearer advocacy and planning focus for the OUS and its staff will lead to policies and actions that will increase student access, make a college education more affordable, and strengthen partnerships with Oregon’s community colleges and high schools at a time when every dollar counts.

This proposed reorganization makes no claim to be omniscient. Some things that others might see as valuable may not be here. An attempt was made to consider the importance of all Academic Affairs functions and their relation to planning and advocacy before eliminating any. What is presented here describes a workable, interim, academic affairs/planning organization that doubtless will change as the OUS Board proceeds with a more extensive and fully formed re-structured Chancellor’s Office.
A) Assumptions About Reorganization

- The new OUS Board has made it clear that a more direct reporting line needs to be established between the universities and the Board. University presidents and provosts are expected to play a more direct role in the array of Board policy deliberations from budget and enrollment matters to legislative initiatives.

- Conversely, a small Board staff, focused on policy development, means that the Board staff will be less present in the day-to-day campus business of the state’s universities.

- A smaller reorganized Board staff with a policy focus will be expected to supply the planning and analysis necessary for the Board to develop policy while being less of an intermediary between the universities and the Board in policy formation and problem-solving.

- Academic Affairs staff activities should be limited to being directly supportive of Board business without engaging in academic program development and duplicating other operations that are properly the business of the universities.

The following reorganization is consistent with these assumptions and directives.

B) Proposed Academic Councils

1. Graduate Program Council: The Council will have approximately ten members and be chaired by an OUS Board member. It will consist of individuals outside of the OUS and representatives from OUS institutions. The appointed members from outside the OUS will be determined in consultation with the campuses and will represent expertise in areas needed to make informed decisions regarding graduate programs at OUS universities. The appointed members will serve on an ad hoc basis. The New Graduate Program Officer will be a permanent member of the Council. [Space for words in regard to regional college membership.] The University of Oregon, Oregon State University, and Portland State University will each name a permanent member on the Council. Bylaws for the Council will be written by its members and approved by the OUS Board.

   The agenda of this Council will be to recommend, for Board approval, all new Ph.D. and related master’s programs, graduate certificate programs, substantive degree program changes, name changes, and other initiatives designed to support economic development in Oregon.

2. Provosts’ Council: The academic provosts of the OUS institutions and Oregon Health & Science University will comprise this Council. The chairmanship of the Council will rotate annually among the provosts. The
Strategic Programs and Planning Office will supply secretarial and other ex-officio staff support for the Council’s work. Bylaws for this Council will be written by its members and approved by the OUS Board.

The agenda of the Council will continue to center on degree and program approvals, student access, community college articulation and partnerships, and intra-university cooperation. New bachelor’s and master’s programs, certificate programs, name changes, and other substantive degree changes recommended by the Council will go directly to the Board’s consent agenda.

Interim Academic Affairs/Planning Reorganization Position Summary

<table>
<thead>
<tr>
<th>Position Title</th>
<th>FTE</th>
<th>Reports to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic Programs and Planning Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>Graduate and Research Policy Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>Economic Development and Industry Affairs Officer</td>
<td>1.0</td>
<td>Graduate Policy and Research Officer</td>
</tr>
<tr>
<td>Enrollment Policy and Community College Liaison Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>K-12 and Teacher Education Liaison Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>Community College Partnerships Planning Assistant</td>
<td>1.0</td>
<td>Strategic Programs and Planning Officer</td>
</tr>
<tr>
<td>Decision Support Officer</td>
<td>1.0</td>
<td>Strategic Programs and Planning Officer</td>
</tr>
<tr>
<td>Research Associate</td>
<td>4.0</td>
<td>Strategic Programs and Planning Officer</td>
</tr>
<tr>
<td>Performance Measurement and Outcomes Officer</td>
<td>1.0</td>
<td>Strategic Programs and Planning Officer</td>
</tr>
<tr>
<td>Planning Assistant</td>
<td>1.0</td>
<td>Performance Measurement and Economic Development Officer</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1.0</td>
<td>Enrollment Policy and Community College and K-12 Teacher Education Liaison Officers</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1.0</td>
<td>Graduate and Research Policy Officer</td>
</tr>
</tbody>
</table>

BOARD DISCUSSION AND ACTION:
Vice President Richmond called on Dr. Kridelbaugh, President of Southwestern Oregon Community College (SWOCC), who had requested time to discuss the status of the University Center that is located on the SWOCC campus. He indicated that it was established in the 1999 Legislative session, at which time $150,000 was approved for
its start-up. “Rural Oregon is in a bad way and so is the south coast of Oregon,” Dr. Kridelbaugh observed. “The University Center has been an absolute gem in allowing people on the south coast of Oregon to obtain a bachelor’s and master’s degree.

“I'm imploring the State Board to give us a year and to provide the funding to Eastern Oregon University to make this transition happen. A year will give us some time to work with the 2005 Legislature,” he said. [Transferring the coordinating function from OUS to EOU.]

Director Sohn asked why the Center, as currently funded and staffed, is the essential mechanism for providing this opportunity. “What is the increment that it adds that couldn’t be there by the universities and schools that are providing the programs picking that up and doing it, maybe in collaboration with the community college, but in an alternative structure and funding arrangement?”

The response from President Kridelbaugh was that no matter how this service is provided, it required someone assuming leadership and working with prospective students through counseling and advising. It was estimated that it costs approximately $600 per student and serves approximately 265-300 students each year and with 20-50 graduates each year, making it economically very feasible.

Director Schuette observed that this center might be a precursor of the “More, Better, Faster” efforts. “With the complexity of transfer and enrollment issues and the differences among the universities, community colleges, and private colleges, it does require the human touch and the one-on-one effort with students,” she concluded.

Director Lorenzen questioned how these types of services would be provided if the Center did not exist. Dr. Kridelbaugh responded that they could not be provided through any other existing structure.

Vice President Richmond said that, in exploring the web site and looking at the transfer rates for SWOCC relative to all of the other community colleges, “it doesn’t appear to me that the University Center is enhancing transfer rates of the institution relative to all of the other community colleges.” Dr. Kridelbaugh responded that he would need to look at the data.

Continuing with the Chancellor’s Office Reorganization Working Group report, Vice President Richmond indicated the Working group accepted the recommendations and forwarded them to the full Board for approval. She said that the reorganization process had been extremely difficult and would result in reductions of staff, which is always difficult since it affects the families and lives of so many people. “These reductions should not be viewed by those involved as an indication that we do not think that they have been giving satisfactory and devoted service to OUS.”

Director Lorenzen continued by saying that there had been three principal driving factors in approaching the reorganization. “The first one, obviously, is that we are in a
funding situation where we do not have all the money that we would like to have to carry out very important programs. The second is the general philosophy that programs can best be implemented at the operational level—that is, at the university/community college level. Finally, it is my strong belief, and I believe it is shared by others on the Working Group, that the Chancellor’s Office should be focusing on higher level policy and a role at a higher level in providing organizational objectives.”

Vice Chair Richmond reminded the Board that the Board Administrative Review Committee (BARC) report of 1991 was used as a base document for the Working Group. At that time, the report recommended that the role of the Chancellor’s Office should change from that of a provider of central administrative services to that of a policy and advocacy role. It was observed that, ten years has passed since the study, and some important efficiencies have been made in the Chancellor’s Office. “The emerging advocacy and policy roles of the Chancellor’s Office remain problematic,” Director Richmond observed. “It’s not clear this advocacy is helping to build a sense of confidence among Oregon citizens and other important constituencies in the University System.”

The restructuring was framed as a different view of how to handle many of the needs of OUS in a different way and with reduced staff in the Chancellor’s Office. “The areas of Internal Audit, Finance and Administration, Budget, Facilities, Controller, Information Technology, and Human Resources are in the process of being reviewed and so reductions and reorganizations in those areas will be forthcoming in the next number of months,” Vice President Richmond reported. “The two major areas that affect our students, both our undergraduate and graduate students, as well as community college transfer students, are really in the area of the Graduate Program Council and the Undergraduate Program Council.

“The undergraduate programs would be handled by the Provost Council that would consist of the academic provosts of the OUS institutions and OHSU. The chairmanship of the Council would rotate annually among the provosts; the Strategic Program and Planning Office will supply secretarial and other ex officio staff support. The bylaws for this Council will be written by the members and approved by the Board,” Director Richmond explained.

In addition, a Graduate Program Council is planned that will consist of approximately ten members. There will be several OUS members, a representative from each of the large campuses, and a representative from the regional institutions to help decide graduate programs. “The representatives from that group would be on a rotating basis representing all three schools. All OUS universities then are asked to participate and OHSU is invited to continue the practice of bringing programs to the Council,” Director Richmond continued. She indicated that the work of the Graduate Program Council would be reported to the Provost Council so that there is coordination between graduate and undergraduate programs. The other members of the Graduate Program Council would be appointed from outside the System and would be appointed on an ad hoc
basis, since they would represent specialized areas where there might need to be expertise at a particular time. A Board member would chair the Council.

Dr. Richmond continued explaining the organizational chart and the current and new positions that would, she pointed out, support the work of the Board. (NOTE: A copy of the organizational chart is available at http://www.ous.edu/board/dockets/COReorg3_chart.pdf). She concluded by saying, “it is a transitional structure because we know that as we evolve and we understand better where we are going, some of these boxes may move around and change. But we feel that it is very responsive to what the Governor asked us to do with a regard to a reduction and restructuring of the Chancellor’s Office so that we could pass on these savings to the students and reduce our administrative costs.”

Director Sohn said that his assumption was that one of the functions of the Chancellor’s Office was to transcend the potential competitive arena of the individual institutions with some form of decision-making authority. He asked how this could be done through the new mechanism and where the authority resided.

Vice Chair Richmond responded that the current Provost Council, the idea behind the Undergraduate Program Council, “operates very effectively now in deciding undergraduate programs. But when there is a problem and it is clear that there can’t be resolution by consensus of that group, it may end up coming to us (the Board) because we are the final group that says ‘yes’ or ‘no.’”

Continuing, Director Sohn asked about duplication of programs. Provost Minahan from WOU, who provided support staff to the Chancellor’s Office Review Working Group, indicated that, “the process to get an academic program through or a name change or substantive degree program change takes some months.” His opinion was that the new structure would work well. The Graduate Program Council was described as critical to avoiding duplication and would also require external advice on quality.

Continuing the discussion, Director Schuette spoke to the question about the locus of authority, “particularly from the context of the charge given to accelerate and streamline our efforts. Yesterday was the first time I saw the organizational chart and we don’t have the job descriptions, so it’s a little bit difficult to sort out. I know many members of the Board have received lots of letters from Southwestern Oregon Community College with regard to the University Center. I appreciate that you referenced some of those as you were describing the organization – but there are certainly many additional questions that are out in the university and academic community about some of the gatherings that have been traditionally effective, web sites that have been used, the participation and continuation of the Joint Boards Articulation Committee. You did reference some of those, but we’ve had a lot of questions and I think because of my charge with ‘More, Better, Faster,’ I’ve been the focus for more of the questions and I still don’t feel that I can really address them with authority. I did try to make some comments at the beginning of the ‘More, Better, Faster’ Working Group yesterday, to reassure people that there would be OUS leadership, generally speaking, for the work that for years has related to the values associated with my group. There is certainly sustained work that is
strongly related to the Governor’s goals. So, I’m still uncertain about where in the organization that transcendent view will come from and be implemented and just from the dispersed boxes, I just don’t know who to go to for what.”

Vice President Richmond made assurances that efforts had been made to provide for sufficient staffing. Continuing, Director Schuette added that she was concerned about any “gap in our fragile progress.” She indicated that the Governor had charged the Board and, in turn, the Board had charged itself to move forward in a very difficult arena. “We have made significant progress to gather people around a charge that is very important to Oregon,” she added. Reductions were necessary in the Chancellor’s Office, she emphasized, “but all I’m saying is that I don’t see how this structure supports the work and as that work is fragile, we really need a shoring up and a coming together, not a ‘let’s see how it evolves.’ We can take a stop and come back later when there is that support; but I’m concerned about the interim.”

Provost Minahan admitted that the organizational chart was difficult to articulate and offered his view that, “with all due respect to my colleagues in the existing structure, it was very difficult to find any one of them that had a broad range of responsibilities over a single problem so that, for example, in high school matters, a number of people dealt with the PASS program, others dealt with enrollment, others dealt with issues of retention. So there were three or four people spending a few hours here and there in a very disparate way on that. What we tried to do was coalesce functions.” Provost Minahan expressed his belief that all of the major functions of policy and planning that should be done by the Board were covered in the proposed organization.

Several Board members continued to express the desire that the Southwest Oregon Community College Center future be resolved, as it has impacts on how resources are spent and on the perception of the Board’s commitment to collaboration with the community colleges. Director Dyess, indicating that this was the first time she had seen the organizational chart, expressed a strong recommendation to have Director Schuette and her Working Group involved in the decision regarding the Center.

Continuing, Director Dyess expressed a desire that the System resources for ETIC, OCKED, and the Academic Excellence and Economic Development Working Group all “tie together” so that the efforts are moving together in the same direction.

Director Nesbitt expressed the same lack of understanding of the existing structure and the inability to compare the new organizational chart with the existing one. “Another bottom line question,” Director Nesbitt continued, “is how much money does this [the new structure] save? I assume it saves at least a million dollars.”

Chief Operating Officer Jon Yunker reminded the Board that the proposed design is a transition plan that is true to the values of the Board. “We’re into negotiations with universities and other interested parties on a lot of the pieces [of the Chancellor’s Office], not just Southwest Oregon Community College Center. . .We’re not going to let those things fall through the cracks,” he assured. Mr. Yunker also assured Director
Nesbitt, who questioned the amount of savings from the Chancellor’s Office reorganization, that it would be in the range of $1 million.

Returning to an earlier concern, Director Dyess said that she wanted to be clear on her recommendation. “What I am actually recommending is to put the negotiation [for some aspects of the reorganization] on the shoulders of the Working Group members who are involved with these initiatives. I’m saying that because we may have the opportunity, as we look forward, to do that across a different area. I don’t mind if you negotiate but my concern would be that it might go crosswise to something that is bigger and better and actually has more of an impact than what we may see here.”

Director Schuette observed that part of the reorganization includes elimination of the grant-seeking function. “My personal view is that when you are trying to do something [with a number of players] that having some central ability to seek outside resources would also be beneficial. I don’t understand that part of the reorganization that eliminates the grant-seeking function. If I could understand where the transcendent vision or authority resides, maybe there would be a way to have grants that benefit the overall System occur somewhere else. Not understanding the first, I don’t see how the second will work,” she concluded.

Provost Minahan opined that the majority of the grants obtained in the Chancellor’s Office were in the areas of education and education initiatives and could just as well have been run through an institution like WOU and its Center for Teaching and Learning. He expressed his belief that grants obtained by a campus could serve the rest of the state as well as if obtained through the System Office.

Director Schuette questioned where the inspiration would come from to foster statewide impact. “Will it come from an individual university?” Director Lorenzen responded that his impression is that the Chancellor’s Office is moving more toward “conceiving of an idea, seeing what is important, and then trying to determine where that should reside, provide the impetus for it, and where it should be.”

President Ray offered a “brief observation. What I sense you’re trying to move to is a System that is more of a policy and coordinating board and we talk kind of loosely about the OUS presidents being closer to the Board. The quid pro quo, if we don’t want a management administrative board, is that the universities, and the presidents in particular, have to step up and be held accountable. When there are grants or other kinds of programs that would benefit the people of the state that require our collaboration, we need to understand that we’re to be held accountable if, in fact, there isn’t a perception that we’re working together enough to make that happen. I can only speak for myself, but I am very receptive to the idea of moving toward a policy and coordinating board and for you to hold me accountable that I’m not using that as an opportunity to walk away from my broader responsibilities to the people of this state, even when it’s not necessarily the best thing for OSU to pursue a particular action.”
Director Blair strongly supported President Ray’s statement. “Our goal is an efficient and effective System for the state and, from having some experience with large, decentralized organizations, that only works if both the center and the decentralized units are working together; that there is a consistent framework and alignment around goals. We’ve been focused on the Chancellor’s Office, but one of the things that we are going to have to be talking about as this process unfolds is some of the changes that are going to have to happen at the campus level.”

Director Nesbitt urged that, “if we’re voting to adopt this new structure, I hope we can put at least estimated budget reduction dollars on it. I’m also hearing there is another category of entities or services, whether it is the University Center at SWOCC, Capital Center, OCATE, or ETIC—that are in a category of ‘we’re going to continue to work to resolve preservation of their mission.’ I just want to make sure that all these things happen.”

Vice President Richmond reflected that President Ray’s comments were particularly important to the effort of ‘More, Better, Faster.’ “We really need buy-in from all of you and that even means some staffing if you can help us with it. If you don’t buy in and you don’t help us, the costs are going to go way up and we’re going to have to add boxes and then the million dollars comes down.”

Director Sohn added some reflections to the conversation. “When we started all of this, the number [for reducing the System Office] was $3.3 million. We’re down to a million and maybe less. One question that raises is whether we are going to create an environment in the legislature that is receptive to the other things we want to do. . .It would be nice to see under this plan—maybe this is too conventional a way to look at it—what’s going away, what’s going elsewhere, what’s staying, what’s new? . . . If we do the people, programs, and dollars effect of this, I think it would provide some clarity because we have to make the case for the million. If we are going to be under one million, we’re going to have to make a strong case. I also appreciate the fact that we are talking about, as people formulate it various ways, a different way of defining the mission for the Chancellor’s Office. I’m completely supportive of the notion of policy and planning and strategy, that’s the main thing. But legislators and others are still going to look at it, as we’ve heard from people who have interest in some piece of this, ‘my piece of this—where’s it going and why is it gone?’ While I think we need to focus on the big path, the notion of moving from a control and administrative type of entity, in theory anyway, to an advisory/coordinating policy, is absolutely right; the hard pieces of this people still need to know about, including us.”

Vice President Richmond posed options for moving the reorganization plan forward. One would be for the Board to approve, in concept, the organizational chart with a discussion of what things have been eliminated, with a report back to the Board on the questions that have been raised. This could be done either in a telephone meeting or could be delayed until the June meeting. Another option could be to delay any movement on the reorganization plan until the June meeting, at which time there could be a more comprehensive view of the total plan. “What that does,” she concluded, “is
really delay our ability to get back to people who we are so sensitive to. It gives them one more month to wonder whether this Working Group is going to save their jobs, and that is very hard."

Director von Schlegell suggested that the Board affirm the direction of the Working Group, affirm the chart in draft, “but also let the Board catch up with some of the questions that have been raised which, I think, we’re all raising in our own way, between now and the next Board meeting. I’d be the most comfortable with that, rather than a full delay or a full approval,” he concluded.

Continuing to clarify a strategy for resolving the issues raised by the Board, Director Blair offered another alternative. “The ‘what goes’ pieces are the ones that are in a little bit of flux because there are negotiations going on about where they might go. Those are the ones that I think have some open switches about where exactly they are going to land. . .The ‘what’s added’ piece, I’m not sure I heard a whole lot about that, but there may be some, so if there is an opportunity for us to summarize very quickly, on one page, here is what stays, here is what goes, here is what has been added in terms of functions, dollars, and headcount, then I think we as a Board can make decisions. If we can get a one page done on this very fast, we could do a quick consent meeting."

Director von Schlegell moved approval of Director Blair’s outline to proceed with the Chancellor’s Office reorganization. In answer to Director Nesbitt’s question regarding a timeframe for concluding the work, Director Blair responded that his hope would be to have a meeting within the week.


Before concluding the work of the Chancellor’s Office Reorganization, Provost Tim White requested permission to address the Board.

“When I came to Oregon in 1996 as a new dean, I was relying on my 20 years of experience at Michigan and Berkeley and I thought I was a hotshot. I had all these great ambitions and programmatic ideas and as I advanced them, I was told over and over again that my ideas needed to be run by ‘Shirley Clark.'

“This was said to me consistently, it was said with such authority, such reverence, and such respect, that I was uncertain if Shirley Clark was:

- An office that regulated, encouraged, and shaped ideas;
- A building that was particularly accessible – yet foreboding;
- A process that was participatory, collegial, yet analytical and fair;
- An archive of knowledge and wisdom about academics in America; or
- A person of great integrity, respectful of others in times of good, bad, and ugly, even when others were not respectful of her, a person distinguished in her manner and in her demeanor.
“As it turns out, Shirley Clark is all of these and more. She is an institution in the world of higher education, particularly in Oregon. She is most deserving of public commendation and of public gratitude for her work and her resolve to help provide quality academic opportunities for literally hundred of thousands of Oregonians over her 13 year career.

“I know that I speak for all of the provosts and academic officers in the System and I’m confident that I speak for the faculty and for our students in providing heartfelt and grateful commendation to Shirley Clark. I ask this Board to either adopt this commendation as being from all of us or to craft your own. In either case, I ask that my letter to be put into the public record.”

Director Schuette moved to have the commendation for Senior Vice Chancellor Clark placed in the public record from the Board. Those voting in favor of the motion: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, von Schlegell, Schuette, Sohn, and Richmond. Those voting no: none.

4. **Consent Items**

a. **OSU, College Inn House**

**Docket Item:**

**Summary:**
Oregon State University (OSU) sought 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 was 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, (CHNW) in partnership with Lorrig 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 recommended 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 recommended 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 DISCUSSION AND ACTION:**
This item was part of the consent agenda. Final action noted on page 178.

**b. Authorization to Award Honorary Degree, OSU**

*Summary*

Oregon State University requested 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
malfonctioned 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 recommended the Board authorize Oregon State University to award an honorary doctorate to Senator John H. Glenn at the 2004 spring commencement ceremonies.

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

5. REPORT ITEMS

e. 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

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BOARD DISCUSSION:
Director Schuette reported that the draft policy packages continue to be placeholders. “On page 38, where the description about the focus of student service system that had shared data among the three sectors, certainly the discussion in our Working Group confirmed the importance of support for a statewide degree audit and course articulation system and that would be among the highest priorities and then a sequence of actions or events, that would be a piece of the system that would come first so that could be clarifying language.”

f. 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
g. 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).

h. **Standing Committees**

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

   Director Blair reported briefly on the Committee meeting. He expressed satisfaction with the conversation the group had on the potential capital projects that are proposed for the budget process.

   “As we went through the details of the Measure 30 actions taken by the campuses,” Director Blair indicated, “the key concerns of the group were: first, we were still consistent with the tuition increase provisions that had been previously agreed to; and second, to a person, they indicated that there are some significant cuts being absorbed by the campuses and that is becoming more and more problematic.”

   i. **Working Groups**

   iv. **Academic Excellence/Economic Development (Kirby Dyess)**

   Director Dyess said that the AEED Working Group has 11 subcommittees, all in various levels of formation. “I just want to say to the presidents that I really have appreciated the way you have rolled out the red carpet and included the community and resources. The educational content that my Working Group and some of the other economic development leaders in the state have gotten from your presentations have been just superb,” Director Dyess said.
v. Academic Programs
No committee has been formed.

vi. Access/Affordability (Tim Nesbitt)
Director Nesbitt indicated that his Working Group continues to meet and focus on the best features of the Oregon Opportunity Grant and the Pell Grant. Aspects of each are being included in the Group’s discussions. “Some issues remain in regard to the eligible institutions and the structure of the grant. But we are getting closer to consensus in those key areas,” he reported.

vii. Chancellor’s Office Review (Geri Richmond)
Vice President Geri Richmond expressed gratitude for the full discussion the Board had engaged in earlier in the meeting and committed to getting back to the Board with answers to questions raised during the discussion.

viii. Excellence in Delivery & Productivity (Gretchen Schuette)
Director Schuette reported that the Working Group got a bit of a late start because of yesterday’s events and they were unable to finish the agenda. “Part of the reason for a somewhat dissatisfying meeting was misunderstandings about the processes related to the Working Group and the relationship of the Working Group to that of the Joint Boards Articulation Committee, a group whose products have been critical to the progress of the Working Group to date and whose products will be critical to our future progress.

“With this Board’s support and understanding, I’ll be taking a new version of what I thought we had been doing and maybe just be more clear or overt about the need to have university campus support for the work. So I will be seeking the leadership of the presidents and provosts over the next several weeks to come together. The goal would be that, between now and July 1 or the July Board meeting, whichever comes first, we would arrive at a couple of things. One, some products, either in policy or simply in actions that begin to meet our shared goals related to ‘More, Better, Faster.’

“Second, where we can’t get policy or action, where that remains elusive, that you would be able to characterize to the chair of the ‘More, Better, Faster’ Working Group and to this Board why we can’t get somewhere, what processes will continue to arrive at some products or just confess a failure, whether we can’t get to the agreement or have the lack of will or if there are associated resource issues, I’d like to have a lot of confidence in the university leadership, administration, and faculty. I came into this with that confidence and, of course, as many of you are getting to know as a personal characteristic, I’m incorrigibly optimistic. Further, Governor Kulongoski has asked for this work to be a priority and to move at a pace, so we will move forward together or we’ll know why we didn’t.

“We have built effective working relationships with key partners—the Governor’s policy advisors, the leadership of the Oregon Department of Education, and the State Board of Education, the leadership of the Office of Community Colleges and Workforce
Development, the Council of Community College Presidents—so that contact from them to you will be extremely important.

“The work that we have to do really will create a better postsecondary education platform and I believe it needs to occur at a pace that really respects the distance we have yet to travel. So, I appreciate the continued efforts and hope that we can make some good progress in the next couple of weeks,” she concluded.

6. Reports

• Interinstitutional Faculty Senate (IFS) President Peter Gilkey

Dr. Gilkey reported that the IFS had made Senior Vice Chancellor Clark an honorary member of their group. “The IFS and some Board members have agreed to meet at the June Board meeting. We are delighted about that.”

Dr. Gilkey has asked IFS senators to identify topics for conversation and compensation and curricular issues appear to be high on the list. He commended Ms. Denise Yunker and Ms. Lisa Zavala on the work they had done regarding the Optional Retirement Program. “We have a short term fix to it and the faculty commend OUS for its activities and its extremely hard work in solving this,” Dr. Gilkey added. Meetings have been held on most of the campuses and others are yet to be scheduled.

“I have been to all of the ‘More, Better, Faster’ meetings and I would like to thank Gretchen Schuette. You invite us to the table; we are not members of your Working Group and yet we sit at the table. Yesterday, the faculty was sitting at the table engaging with you. I promise we will continue this effort.”

• Oregon Student Association (OSA)

Ms. Adriana Mendoza, the Political Affairs Executive for the Oregon Student Association, gave the reports. She thanked the Board for the meaningful way in which students have been able to provide input to their proceedings. “Students have greatly appreciated the opportunity to help shape the Governor’s proposal for need-based financial aid through Director Nesbitt’s Access and Affordability Working Group.

“At some of the meetings, students have argued that elimination of the tuition plateau undermines the Board’s publicly stated goal of moving more students through better education faster. We’ve said repeatedly that we believe the tuition plateau does just the opposite. Today, we would like to further elaborate this point with data from three different states, showing that at both traditional universities and less traditional urban universities, removing the plateau leads to smaller course loads by students, longer time to completion, and diminished revenues from fees to the universities resulting from lower course loads.”

Ms. Mendoza presented research to substantiate her positions (a full transcript of her remarks can be obtained for the Board’s Office).
Draft Minutes

In closing, Ms. Mendoza said, “On behalf of students across Oregon, we urge the Board to take what has essentially been a finance-driven discussion and make it a student-driven discussion because it is clear that if this issue is primarily driven by financial pressure, we would hate to see that pressure lead to policy we know has lasting negative consequences for students.”

7. **CHIEF OPERATING OFFICER AND UNIVERSITY PRESIDENTS’ REPORT**
   Due to the pressure of time, there was no Chief Operating Officer report or reports from the presidents.

8. **PUBLIC INPUT**
   There was public input.

9. **DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE**
   Director von Schlegell moved approval of the following Delegation of Authority:

   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.


10. **ADJOURNMENT**
    The meeting adjourned at 12:50 p.m.

    Virginia L. Thompson
    Secretary to the Board

    Geraldine Richmond
    Board Vice President
1. **CALL TO ORDER/ROLL CALL/WELCOME**
Governor Ted Kulongoski called the special telephonic meeting of the Oregon State Board of Higher Education to order at 7:55 a.m.

On roll call, the following Board members answered present:

- Don Blair
- Rachel Pilliod
- Bridget Burns
- Geri Richmond
- Kirby Dyess
- John von Schlegell
- Henry Lorenzen
- Gretchen Schuette
- Tim Nesbitt
- Howard Sohn
- Ted Kulongoski

**System Office staff present:** Senior Vice Chancellor Tom Anderes, Dave McDonald, Ben Rawlins, Virginia Thompson, and Susan Weeks.

**Others:** Presidents Dan Bernstine, Philip Conn, Martha Anne Dow, Khosrow Fatemi, Dave Frohnmayer, Dixie Lund, Ed Ray, and Elisabeth Zinser.

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

**Welcome by Governor Kulongoski:**
Governor Kulongoski welcomed Board members and thanked them for their flexibility in dealing with the difficulty in making the phone connection. He observed that this was his first opportunity to work through the issue of the Chancellor's Office reorganization. “I know you all recognize this both in your businesses and in other things that you have done, that whenever there is a reorganization, and I've been involved with a number of them, it's very destabilizing to the employees. I would just remind everyone that this is about the idea of positions and not individuals and, as difficult as it is, I would hope that everybody would understand that I think it's necessary to actually undertake a reorganization.”
2. **ACTION ITEM**

   a. **Chancellor’s Office Reorganization**

**DOCKET ITEM:**

**Summary**  
At the May 7, 2004, meeting of the State Board of Higher Education, a report of the Chancellor’s Office Review Working Group was presented (a copy of the document can be found at [http://www.ous.edu/board/dockets/hnd040507-COR.pdf](http://www.ous.edu/board/dockets/hnd040507-COR.pdf)). The proposal was designed to focus the Office on the development and implementation of policy, institutional objectives, management reporting and control systems, planning and analysis capability, and communications and government relations.

A proposed organizational chart accompanied the written report.

After considerable discussion by the Board, it was agreed to tentatively accept the report and proposed reorganization after additional information was made available. Specifically, staff were requested to: provide a “crosswalk” from the current organizational structure to the proposed one to enable a review of which positions/functions were being eliminated and what new ones were being added; and a cost analysis of the savings that would accrue from the proposed restructuring.

**Analysis**  
The data provided by staff indicate that overall, with the current reorganization, 22 FTE (full-time equivalent) will be reduced; and 11 positions are undetermined at the present time, pending further study.

The total amount of permanent savings derived from the reorganization is over $1 million with $747,515 in undetermined savings. The estimated amount of temporary costs to provide support in a transitional period is approximately $528,000.

**Staff Recommendation to the Board:**  
Staff recommended approval of the Chancellor’s Office reorganization as presented in the report of the Chancellor’s Office Review Working Group.

**BOARD DISCUSSION AND ACTION:**  
Governor Kulongoski called on Vice President Richmond and Senior Vice Chancellor Anderes to review the proposal.

Director Richmond reminded Board members that the Chancellor’s Office Review Working Group had presented a proposal at the May 7th meeting. That proposal “was designed to focus the Chancellor’s Office on the development and implementation of policy and institutional objectives and to a reporting and control system, planning and analysis capability, communication, and governmental relations. At that meeting, an organizational chart was proposed and, after considerable discussion, it was agreed to
specifically address issues in the Academic Affairs, Institutional Research, Planning, and the Industry Affairs component. After considerable discussion, it was agreed to tentatively accept the report and proposed reorganization and to make additional information available.

“At that point, it was requested that staff provide a crosswalk from the current organizational structure that was proposed with the organizational chart to enable further review of positions that were being eliminated.”

Vice President Richmond directed the Board’s attention to a crosswalk that showed the number of staff before and after the proposed reorganization. She highlighted that in the area of Academic Affairs there had originally been 19 positions and in the new structure there would be seven.

With regard to personnel that were paid from Education and General monies, and were awarded and operating grants out of the Chancellor’s Office, those personnel have been shifted, as much as possible, to campuses. “In shifting that, we have eliminated staff positions that were associated with bill-paying and grant issues in Academic Affairs. Because we have less staff, and have reduced administration, clerical staff have been reduced to mirror that reduction in the effort that it takes to run those programs.”

Director Richmond walked the Board through the various units, describing what had been eliminated and what had been added. “The bottom line is, when you look at the pre-organization total of 39, the post-reorganization total of 21, and that reduction is $1 million and with some savings in services and supplies, it ends up being $1.1 million in savings.

“With regard to other programs that people are very concerned about, and there were issues raised at the Board meeting, this is where we are,” Director Richmond explained. “In terms of Southwest Oregon University Center, we’re working with the universities to see if we can transfer that entity onto another campus. Those discussions are actively going on. Over the next two weeks, we should have some resolution, but again, the idea is to get it transferred to a campus.

“OCATE [the Oregon Center for Advance Technology Education], which is part of the CAPITAL Center, we’re talking about trying to see if we can send that over to a campus, too. Both are still under consideration,” she observed.

Provost Minahan added that some of the grants “would be moving to the campuses and there will be a transition year during which time Western Oregon University and the System Office will share salary and then, after that year, all salaries related to those grants will be paid out of the University’s budget.”

Director Richmond added that the estimated temporary costs would be coming out of fund balances and are for the salaries of temporary people such as Jon Yunker (Chief Operating Officer), a grant’s person, Neil Bryant, and several contract buyouts.
Director von Schlegell commented that, “to the extent that we can look into the Southwest Oregon University Center (SWOUC) transition and show some sensitivity to some of our more outlying, rural areas, I think that is something that we ought to do.”

President Zinser reported that SOU had been in communication with EOU and are fully supportive of their accepting responsibility for the Center under their mission and expertise in distance learning. She indicated that SOU has had a significant amount of work over the years with SWOUC with teacher preparation. “That has been the one area in which SOU has provided support and we would intend and welcome participation in that on an ongoing basis. To respond to Director von Schlegell’s question about the value-added of the Center itself, we have questions about that as well and I think the jury is still out on that.”

Director Sohn asked for clarification on the cost savings. “The temporary cost number of $528,000, I assume, reduces the permanent savings for the 2004-05 period.”

Director Richmond explained that the $528,000 would be put against fund balances. “There are several million dollars in fund balances right now and so what we are doing is using those fund balances to take care of what we call temporary costs.”

Continuing the questioning about fund balances, Director von Schlegell asked if there was a summary of what fund balances (a) are and (b) where they reside. Senior Vice Chancellor Anderes responded that he would provide it. “What I can do is get out both a very simple definition in terms of how we accrued our fund balances. In fact, the fund balances and the methods for gaining those will change substantially in the next couple of years. I can also identify the items that are being funded against that and the amount we are projecting by the end of the biennium.”

Dr. Anderes indicated that within the Chancellor’s Office, there are four or five fund balances, but one is really the substantial for the Education and General budget.

Director Blair further clarified Director von Schlegell’s question. “There are fund balances at the Chancellor’s Office, but there are also fund balances at each individual university. Senior Vice Chancellor Anderes indicated that his office is creating a fairly specific fund balance policy and it will be reviewed and approved by the presidents in June and then be brought forward to the Board in July, along with a complete assessment of what the fund balances are at each of the campuses.

In response to the question of whether this had been a source or issue with the System and legislature or part of doing business with the number of institutions, Dr. Anderes indicated it was “probably both. It became an issue at the end of the last legislative session when they were talking to all state agencies, particularly those that have Other Funds, and wanting to know what the status of those balances were. We looked at it fairly closely and right now I think when you see the policy and see each campus, we’re in a pretty good position as far as the justification for those balances.”
There was a request to accelerate the discussion of fund balances to the June Board meeting since the Board will have to approve the final budget submission to the Governor in September.

Director Richmond reminded the Board that part of the Chancellor’s Office funding comes from indirect costs from grants that go to the universities. “As we reduce the functions that are in the Chancellor’s Office, we have to think about what our campus contributions are to the Chancellor’s Office. We look at that as overhead so that will be something we will have to factor into the equation later as the Chancellor’s Office does less functions for the campuses that have been contributing a substantial amount of indirect costs to the operation of the Chancellor’s Office.”

Director Nesbitt asked a clarifying question about putting in limbo the ending proposal about the University Center and OCATE. Dr. Richmond responded that there had not been sufficient time to complete negotiations on the University Center and OCATE. It was agreed that the Board would have a proposal for the resolution of SWOUC and OCATE at the Board meeting in June.

Governor Kulongoski thanked all who had been involved in the Chancellor’s Office reorganization. “We come at this with our own concerns and mine, I will tell you, and this isn’t a negative comment, just the recognition and looking at the schematic is a substantial change in the function and role of the Chancellor’s Office with the Chief Operating Officer and the relationship to the individual campuses and their presidents. This is the piece that I focused on more because I’m always interested in the governance side of the System itself.

“I actually support the ability of the University presidents to have an opportunity to make direct contact with the Board on what their issues are. With this understanding, I think the Chancellor is in the policy role. It is assumed, I take it, that no president would appear before the Board absent the Board’s specific invitation, without the Chancellor being there and have knowledge and all the documentation that the individual president would be using before the Board. In other words, I think the Chancellor, whoever that is, must have the opportunity to participate fully. It’s good to have University presidents feel they can present their case to the Board but I do believe that the Chancellor must be given full opportunity to participate in useful discussion. So I’m assuming that’s all a given in this structure on the governance piece of this.”

Director Richmond indicated agreement with the Governor and pointed out that the rationale, on the organizational chart, of having the presidents connect both to the Board as well as the Chancellor underscored this fact. “In fact, the Chancellor is slightly higher than the presidents because the Chancellor does have a role in guiding. But the presidents still have access to both the Board and the Chancellor.”

Continuing, Governor Kulongoski underscored that it isn’t just notifying the Chancellor. The chancellor must get all of the information.
President Ray observed, “What we are really talking about is a policy of ‘no end runs.’ I think at some point it would be helpful to have a simple narrative that explains how this structure is intended to work so that no one can say that it isn’t perfectly clear to them what the nature of the working relationships are.”

Director Schuette indicated that both the Governor’s and President Ray’s comments related to the nature of the concerns that she raised at the Board meeting in La Grande. “It still is not clear to me how and where the authority really lies in the structure. I agree that the explanation that I hope that I can get at some point in person would also be supported by a narrative.”

Director Blair observed that the statute characterizes the chancellor as the Chief Executive Officer of the Oregon University System, which he said articulates very clearly what the Governor was saying.


Following the vote, President Ray said that he understood that the intention was to get an appropriate organizational structure and he agreed that there was a substantial change in an appropriate direction. “A secondary effect that was looked for from this action was to see what cost savings could be made in the System. The decision was made by the Board to try to find some offset in the System’s reductions and costs for the cuts that the campuses would have to take as a consequence of the failure of Measure 30. I just want to go on record as saying—and I don’t understand the thinking behind it, I understand the arithmetic—a decision was made pre- and post-Measure 30 failure to change the base that would count against universities for deciding how to apportion the cuts. The net result for Oregon State University, from $1 million of savings from System reorganization, is a net reduction in our bill as a result of the failure of Measure 30, of about $3,000 out of a million dollars in savings. As I say, I understand the arithmetic—it had to do with deciding not to use just instructional cost shares to apportion the reductions of the $6.5 million. We were pretty disappointed here when we realized that this really doesn’t do much for us financially. We applaud what has been done, obviously, in terms of trying to rationalize the System. But to the extent that there is a happy glow associated with cost reductions for the universities, we’re pretty much left out of that picture.”

Director Richmond asked Senior Vice Chancellor Anderes to prepare a memorandum to Board members to clarify what is happening with the $1 million to enable them to understand what is happening with the savings.

It was agreed that this was a step in rebuilding a vision of where higher education is going and rebuilding credibility—and it will take a lot of small steps in making the process more transparent and to communicate it with constituents.
Senior Vice Chancellor Anderes agreed to put some information in a memo. In addition, he would be appearing before the Legislative Emergency Board in June to discuss what has occurred. "The original legislation specifically identified instruction. That was the focus of the original apportionment of the $7.5 million related to that and the Chancellor's Office was not a part of that. In fact, we were specifically excluded. So when there was the shift to make the decision that some of the reductions would come out of the Chancellor's Office, it frankly opened the door to have all Education and General considered. That is the difference between any kind of original apportionment and where it ended up," he concluded.

3. DISCUSSION ITEM

b. Tuition Issues

BOARD DISCUSSION:
Director Nesbitt indicated that the reason he requested this item be on the agenda arose from hearing the testimony from the Oregon Student Association at the May Board meeting. He had two questions/concerns as a result of listening to the student perspective and studying the materials.

"One is that there is still a lot of new information about the impact of eliminating the plateau or even a moderate version of the plateau. I believe there is a legitimate concern about the fact of further modification or actual elimination of the plateau on the 'More, Better, Faster' agenda. Secondly, there is the added concern that, with the legislature having given some direction and legislators having some expectations about keeping tuition within an agreed ceiling, and if adjustments to the plateau are made, tuition increases for the full time student with 15 or 16 hours will be, in some cases, far above the ceiling suggested by the legislature. I just want to make sure we take a further look at this at the June meeting when we are scheduled to make the final decision with some alternatives on the table.

"I would suggest that we ask each of the University presidents to bring a Plan B and a Plan C forward in addition to this plan that has been submitted. Plan B would be no further moderation or elimination of the plateau from where we are—I know that might mean a revenue-neutral scenario. Plan C would be making sure that the tuition increase for a full-time student is not greater than the ceiling," Director Nesbitt offered.

President Ray observed that nobody is talking about anything above what was put in the Budget Notes for FY 2005. "That would be the tuition plus the plateau increase that the campuses have indicated they are going to do. Our understanding from the last discussion we had about tuition and tuition plateaus (and MardiLyn Saathoff was there) was that even though you could argue technically that the budget notes are saying that, in fact, we can't go above what is in Plan C. Ms. Saathoff's advice was that we should treat those Budget Notes as binding. So the options that we have are to do the increases up to the increases we proposed in the Budget Notes last year."
Senior Vice Chancellor Anderes indicated there is a Systemwide ceiling on the revenues for the Other Funds Limited and there are also notes relating to not increasing beyond the rates that had been approved by the Board that went through the last session.

Director Blair asked Senior Vice Chancellor Anderes to “summarize what you believe the legislature has asked us to do specifically and stack up all the campuses against that directive from the legislature in identifying what the issues are. It would help to get that out to us within the next week or two.”

Director Nesbitt underscored that he would like to have an alternative that “does no further restructuring of the existing plateaus in 2004-05, even if the constraint is that we have to be revenue-neutral and that the costs are distributed differently.”

Director Burns indicated that she wanted to propose another option. “I would like to see if there is a concern about revenue generation, perhaps another option that people could bring to the table: that is, if we lifted the plateau to that level so that we weren’t stopping people from graduating on time while at the same time generating the amount of revenue that we needed. If that is possible, I wanted to voice that as another option.”

Governor Kulongoski asked, “If the Board adopted a policy in 2003 and the legislature relied on that policy, and I think the legislature was looking at an overall System number, and now the campuses have come up with an individual approach it is saying we want to change the policy. Is that correct?”

Senior Vice Chancellor Anderes pointed out that it appeared that “we are getting this interrelationship between changing the plateau and the tuition rate increases confused, which had not been contemplated in 2003.”

It was agreed to continue this discussion at a Board Work Session at the June Board meeting.

4. ADJOURNMENT

The meeting adjourned at 8:50 a.m.

Virginia L. Thompson  
Secretary to the Board

Governor Ted Kulongoski  
Board President
Oregon State Board of Higher Education

Working Group Notes

Access/Affordability Working Group, April 30, 2004

June 4, 2004

Oregon State Board of Higher Education
Oregon State Board of Higher Education  
Access/Affordability Working Group (AAWG)  

April 30, 2004

**Members present:** Tim Nesbitt, OUS Board (Co-chair); Nan Poppe (Co-chair); Paul Bragdon, Lewis & Clark College; Sam Brooks, Oregon Association of Minority Entrepreneurs; Bridget Burns, OUS Board; Randy Choy, The Oregon Community Foundation; Vanessa Gaston, Urban League of Portland; Roman D. Hernandez, Schwabe, Williamson, & Wyatt, PC; Kate Peterson, Oregon State University; and Howard Sohn, OUS Board.

**Others present:** Nancy Goldschmidt, Oregon Health & Science University; Gary Andeen, Oregon Independent Colleges Association; Jeff Svejcar, Oregon Student Assistance Commission; Mark Elsworth, Governor’s Office; MardiLyn Saathoff, Governor’s Office; Cam Preus-Braly, Oregon Community Colleges and Workforce Development; Julie Suchanek, Oregon Community College Association; and John Wykoff, Oregon Student Association.

Also present: Rod Boettcher, Mount Hood Community College; Neil Bryant, OUS and Bryant Lovlien & Jarvis, P.C.; Jim Gilmour, University of Oregon; Steven Goldman, The Art Institute of Portland; Endi Hartigan, OUS Chancellor’s Office; Agnes Hoffman, Portland State University, Carolyn Kuchera, Oregon Student Association; Jim Gilmour, University of Oregon; Bert Logan, Lane Community College; Peggy K. Nitsos, Southern Oregon University; Dan Preston, Linfield College; Diane Saunders, OUS Chancellor’s Office; Darin Silbernagel, Western Oregon University; Juliette Stoering, Portland State University; Alan Tresidder, Oregon Independent College Association; Laurie Wimmer Whelan, Oregon Education Association; Lisa Zavala, OUS Chancellor’s Office.

Co-chair Poppe called the meeting to order at 9:00 a.m., Friday, April 30, 2004. Ms. Poppe moved to approve the meeting notes from the April 13 meeting. One error in the attendance record was noted. There was also a typographical error noted in the April 15 meeting notes.

**Review of last meeting/Work of this meeting**

Co-chair Poppe introduced the meeting by summarizing the Group’s central purpose, which is to design a package to expand postsecondary access to all Oregonians. Topics to address were a review of the financial aid meeting and discussion of remaining policy issues, including (a) whether private for-profit institutions should be included, and (b) whether the grant should be structured as a variable or flat grant. Co-chair Poppe
informed the Working Group that the Co-chairs will be meeting with Governor Kulongoski on May 11 to ensure they are meeting the Governor’s goals and objectives. The Group will then present a preliminary report to the Oregon State Board of Higher Education at the June Board meeting to ensure the Group is on the right track. At an earlier meeting, the Group discussed holding stakeholder meetings soon but, based upon the responses of members, have decided the policy issues are still in question and that it was too soon for these meetings. Co-chair Poppe noted that, in addition to discussing basic policies of the grant, the Group needs to discuss additional suggestions of elements to include, such as a possible incentive to pursue fields with high employment needs and a possible small allotment of money for students with high academic merit.

**Review of Financial Aid Meeting**

Co-chair Nan Poppe directed the Group’s attention to Ms. Peterson, who summarized the results of the April 15th meeting with statewide financial aid directors. The meeting was well attended and successful in obtaining feedback from the financial aid community on policy advice for ASET. Ms. Peterson summarized the financial aid directors’ advice according to each policy issue as documented in italics on the “Proposed Revisions and Enhancements of the Oregon Opportunity Grant” document, noting that there was quite a bit of agreement among directors. Ms. Peterson has received feedback from financial aid directors since the meeting saying that as the Working Group approaches the issue of funding, the directors would like another opportunity to provide input.

In response to Co-chair Poppe’s request for additional input on the financial aid discussion, Mr. Goldman, President of the Art Institute of Portland (AI), noted that because of exclusion from need-based aid, his students are graduating with significantly more debt than other students and he considers this situation inequitable.

**ASET Policy Questions**

**Structure of Grant Award**

The Working Group discussed the key policy issues detailed in the “ASET Policy Alternatives” document. The first subject was whether ASET should be structured as a variable or a flat amount grant. Working Group members agreed to keep the focus on a package that voters will want to approve and to keep the focus on expanding access. Additional comments arose from this. It was suggested that the fewer people or constituencies who feel excluded, the better chances the measure will have. A spectrum of choice serves the individual students best, as students will attend different kinds of institutions because of their individual needs. Ms. Saathoff asked if there was information on whether a variable or a maximum grant increases access. Co-chair Poppe summarized that the Group is trying to move to a high enough maximum that aid levels would increase for private institutions as well as public. Co-chair Nesbitt noted that the Group is setting a high level as a preferred option, if the costs need to be readdressed, they will revisit the issue of how access may be maximized with limited funds. Studies show that increasing gift aid for students with need is the key to
matriculation in postsecondary education. There was concern that a variable grant would serve fewer students if funding is scarce. The cut-off level for financial need continues to be reduced due to diminishing resources. Co-chair Poppe reminded the Group that they are focusing now on a larger amount of money than in the OOG (Oregon Opportunity Grant), so they are assuming that these cut-backs would not have to be made.

Co-chair Nesbitt asked, based on the discussion, if the Working Group would move forward with a tentative model of the grant pegged at the OUS tuition level. He acknowledged that there are some issues raised about tying the grant to tuition, and Dr. Bragdon added that while it is necessary to address those concerns, it is not preferable to have the prices increase and the grant fail to follow. After additional discussion, Co-chair Nesbitt suggested that the Group initially tie the grant to tuition cost, but acknowledged that more discussion is needed regarding the mechanism for changing the grant amount over time.

The Working Group discussed the fact that setting the dollar cost at OUS tuition rate means that more than tuition costs would be provided to community college students. Co-chair Nesbitt expressed concern over the possibility that members of the press might criticize the public funding of living expenses. The Pell Grant does address cost of education, not just tuition, but Mr. Nesbitt noted that discussion is needed regarding this as a possible political pitfall. Ms. Peterson gave the Working Group background detailing that the ASET grant would contribute in filling unmet need that the Pell Grant cannot offer for the lowest income families. The maximum Pell Grant aid has dropped from 70 percent to 30 percent of costs. The Group considered average costs for community college, state, and private institutions, in relation to the available aid, and discussed the impact of costs (outside of tuition) on students. It was noted that if ASET were to supplement cost of education, not just tuition, for community college students, this might provide incentive for community college students to continue toward a four-year degree. It was noted that if students make it through the first two years without significant loan debt, they are more likely to succeed. Ms. Suchanek discussed the need to educate the public regarding the actual challenges of affording a college education. Ms. Burns added that she thinks the Group does not need to worry about public perception of how students use the amount exceeding tuition, since the costs of living and education outside of tuition are substantial.

Co-chair Nesbitt made the motion to set an initial maximum grant amount at the OUS tuition and fees rate. There was no disagreement.

Institutional Exclusions

Co-chair Poppe directed the Group to discuss whether ASET should include for-profit institutions.

Mr. Goldman noted that AI is the only regionally accredited for-profit institution in Oregon and that Working Group members should be aware of differences between regional and national accreditation. Mr. Goldman gave the Group information on the
differences between accreditations, noting that the regionally accredited schools are regulated by peer review and have liberal arts requirements.

Ms. Gaston asked whether the Group now has data on the colleges in discussion: demographic make-ups and success rates or outcomes. This material was not available for the meeting, but would be available for the next meeting.

Various questions were answered and information was shared regarding the body of schools and students in this sector. The schools include Pioneer Pacific, ITT, Western Culinary Institute, AI, University of Phoenix, College of Legal Arts, Western Business College, and have enrollment equaling approximately 5,000 students. ITT is currently being investigated for fraud on use of financial aid dollars. There was also a question about institutional commitment to financial aid and Ms. Suchanek noted that according to her research, ITT and Western Culinary Institute do offer some scholarships.

Mr. Brooks said that if the goal is educating students to be prepared for our workforce system, as an employer, he is interested in having the most prepared individuals and, therefore, in the performance of the institution. He warned against Group members thinking too much about institution type. For-profit institutions exist because there is a demand for them, that students choose these institutions for particular reasons of their own objectives, temperaments, etc., and that it is beneficial for them to have this choice. Mr. Nesbitt posed a question regarding whether giving more money to students to enable them to go to the institution of their choice would result in capacity expansion in the for-profit sector of higher tuition. Mr. Wykoff reiterated his concern that this is a profit-making venture—that there is no accountability on whether this money would go to the student or to an investment return, and that adding for-profit institutions to the package may cause problems with the legislature and with voters. Mr. Goldman responded that his institution is very accountable and goes through the same processes as others as a result of accreditation, but other institutions are not regionally accredited. Dr. Bragdon summarized that he was a member of a regional accreditation committee and that when the shift toward accreditation of for-profits occurred within that body, many of the same sentiments, arguments, and skepticism of the for-profits were voiced. In his perspective, if they meet the standards educationally point-by-point, he sees no reason to exclude them.

The Group was comfortable carrying this subject to the next meeting after getting the Governor’s opinion and research about for-profit success rate, accreditation, and institutional financial aid.

Other Opportunities and Purposes of ASET

Economic need runs in cycles and there would need to be a trigger for change according to these economic fluctuations. An Illinois program offered a small amount of startup money for students with high need and this program was very successful. When discussing this program and its application to the ASET, some believed that complicating the ASET effort with additional objectives could be a liability since the market may already address this allocation of interest over time.
Co-chair Poppe noted that the Group would return to these subjects at the next meeting, but that they should decide whether to make these a part of the proposal or to acknowledge that they will need to be addressed elsewhere. The Excellence in Delivery and Productivity Working Group \((more, better, faster)\), has submitted a letter to the Working Group Co-chairs asking for the Working Group to consider a proposal for incentive for students to move from community college to four-year institutions. Members will discuss these auxiliary ideas at the next meeting.

*Editorial Board Meetings*

Dr. Goldschmidt alerted the Group to upcoming editorial board meetings, starting the week of May 3rd through June, to increase knowledge on the part of the general public about access. Ms. Saunders explained that Board members and staff will describe the current state of access and affordability and give the public a foundation on the new Board agenda. They will not provide many details on the ASET package.

*Timeline*

The Working Group will not be scheduling stakeholder meetings at this time. They decided that they need to develop a package and training materials for these meetings, and that it may also be necessary to present the work of the three Working Groups together to the community. Mr. Bryant told the Group that if they are contacted with inquiries, it is a good idea to keep an eye on the goal (access). The Group was advised to direct these questions to Dr. Goldschmidt.

The meeting adjourned at 12:00 p.m.
Overview of Chancellor’s Office Reorganization

The proposed Chancellor’s Office reorganization is designed to focus the office on the development and implementation of policy, institutional objectives, management reporting and control systems, planning and analysis capability, and communications and government relations. The Chancellor’s Office will continue to be responsible for Systemwide auditing, budgeting, and allocation of General Funds. In addition, the Chancellor’s Office will continue to perform those functions required of it by statute.

The Chancellor’s Office should provide the maximum autonomy and flexibility to the institutions while maintaining its commitment to the public purposes for which it was founded. It is imperative that the Chancellor’s Office operates in a truly consultative relationship with the presidents of the seven universities. The role of the Chancellor’s Office should be to focus on policy, advocacy, strategy, incentives, and accountability for educational outcomes, leaving the universities more freedom to mount programs and offer services in any way so long as they are consistent with their Board-approved mission and will serve the state’s educational goals.

To the extent feasible, the Chancellor’s Office will divest itself of the responsibilities for providing service functions and technical support. The desirability to maintain Systemwide standardization and economies of scale will impact upon the nature and extent of the activities ultimately retained. Emphasis will be placed on shifting the development and implementation of academic programs to the university, college, or other affected agency entity. However, the Chancellor’s Office staff will provide coordinating support to assure that the desired Board programs and initiatives are effectively communicated and implemented.

Often there will be no bright line separating what functions and activities are most appropriately carried out in the Chancellor’s Office as opposed to the university level. The fundamental philosophy behind the reorganization proposal is to concentrate the activities of the Chancellor’s Office on higher-level policy, operation, and management issues.
Issues of Consideration in the Chancellor’s Office Reorganization

I. Introduction

In mid-1991, the Oregon State System of Higher Education (OSSHE) Board formed the Board Administrative Review Committee (BARC) to conduct a comprehensive review of OSSHE operations and costs. BARC authority to make recommendations for changes was based on a budget note in Oregon Senate Bill 5519, which required OSSHE to conduct a comprehensive review of its Systemwide operations, including the Chancellor’s Office.

In regard to the Chancellor’s Office, BARC was asked to comply with the SB 5519 budget note directive to:

“…identify budget cuts of up to 50 percent; and investigate the feasibility of eliminating the Chancellor’s Office function altogether.”

(BARC Exec. Summary p. i.)

Composed of several OSSHE Board members, other Oregon citizens, and members from the colleges and universities within the System, BARC obtained the services of KPMG Peat Marwick to help them with their work.

As the study of the Chancellor’s Office progressed, it became clear that cost savings approaching the SB 5519 mandated 50 percent could not be obtained without redefining the role of the Chancellor’s Office. Indeed, BARC found that many within the Chancellor’s Office, leaders on the OSSHE campuses, and legislative leaders agreed that if the Chancellor’s Office were to be kept, it should be reorganized to improve its: “Advocacy,” “Policy, Standards and Coordination,” and “Strategy and Planning” functions while it “…divests ‘Direct Service’ and ‘Technical Expertise’ functions.” (IBID. p. iii.)

BARC did not recommend a specific new structure for such a reorganized Chancellor's Office, but it did recommend reductions in Chancellor’s Office “Direct Services” and “Technical Expertise” functions, the cost of which at the time was $4.1 million. BARC also recommended that the role of the Chancellor’s Office should change from a provider of central administrative services to a policy and advocacy role and that the change “…could result in the elimination of most of the costs associated with these services.” (IBID. p. iii.)

More than ten years have passed since the BARC study. In the interim, some important efficiencies in the Chancellor’s Office have been made. Efficiencies in accounting procedures, data management, and a greater ability for universities to operate more independently in some budget matters have been helpful and welcome changes. These changes notwithstanding, it may have been unreasonable to expect a complex organization like the Chancellor’s Office to change itself. The essential concerns raised by BARC remain unchanged. The Chancellor’s Office continues to operate as an administrative and technical service provider to universities. There are times when the
“layering” of expensive administrative activities that BARC found in the OUS staff duplicates expertise found on the campuses. The emerging advocacy and policy roles for the Chancellor’s Office remain problematic. It is not clear that this advocacy is helping to build the sense of confidence among Oregon’s citizens and other important constituencies that the University System needs to better serve the cause of higher education in this state.

The following recommendations to reorganize Academic Affairs within the Chancellor’s Office are consistent with the BARC recommendations, but they are not simply or only updated BARC recommendations. The fiscal crisis in Oregon, coupled with the increasing costs of higher education, may be placing the access and affordability of a public college education beyond the means of too many prospective students. Given this crisis, there may be no better time than now to reconsider how well the OUS is serving the state. The expectation is that a clearer advocacy and planning focus for the OUS and its staff will lead to policies and actions that will increase student access, make a college education more affordable, and strengthen partnerships with Oregon’s community colleges and high schools at a time when every dollar counts.

This proposed reorganization makes no claim to be omniscient. Some things that others might see as valuable may not be here. An attempt was made to consider the importance of all Academic Affairs functions and their relation to planning and advocacy before eliminating any. What is presented here describes a workable, interim, academic affairs/planning organization that doubtless will change as the OUS Board proceeds with a more extensive and fully formed re-structured Chancellor’s Office.

(A) Assumptions About Reorganization

- The new OUS Board has made it clear that a more direct reporting line needs to be established between the universities and the Board. University presidents and provosts are expected to play a more direct role in the array of Board policy deliberations from budget and enrollment matters to legislative initiatives.

- Conversely, a small Board staff, focused on policy development, means that the Board staff will be less present in the day-to-day campus business of the state’s universities.

- A smaller reorganized Board staff with a policy focus will be expected to supply the planning and analysis necessary for the Board to develop policy while being less of an intermediary between the universities and the Board in policy formation and problem-solving.

- Academic Affairs staff activities should be limited to being directly supportive of Board business without engaging in academic program development and duplicating other operations that are properly the business of the universities.

The following reorganization is consistent with these assumptions and directives.
(B) Proposed Academic Councils

1. **Graduate Program Council**: The Council will have approximately ten members and be chaired by an OUS Board member. It will consist of individuals outside of the OUS and representatives from OUS institutions. The appointed members from outside the OUS will be determined in consultation with the campuses and will represent expertise in areas needed to make informed decisions regarding graduate programs at OUS universities. The appointed members will serve on an ad hoc basis. The New Graduate Program Officer will be a permanent member of the Council. [Space for words in regard to regional college membership.] The University of Oregon, Oregon State University, and Portland State University will each name a permanent member on the Council. Bylaws for the Council will be written by its members and approved by the OUS Board.

   The agenda of this Council will be to recommend, for Board approval, all new Ph.D. and related master's programs, graduate certificate programs, substantive degree program changes, name changes, and other initiatives designed to support economic development in Oregon.

2. **Provosts' Council**: The academic provosts of the OUS institutions and Oregon Health & Science University will comprise this Council. The chairmanship of the Council will rotate annually among the provosts. The Strategic Programs and Planning Office will supply secretarial and other ex-officio staff support for the Council's work. Bylaws for this Council will be written by its members and approved by the OUS Board.

   The agenda of the Council will continue to center on degree and program approvals, student access, community college articulation and partnerships, and intra-university cooperation. New bachelor's and master's programs, certificate programs, name changes, and other substantive degree changes recommended by the Council will go directly to the Board's consent agenda.
## Interim Academic Affairs/Planning Reorganization Position Summary

<table>
<thead>
<tr>
<th>Position Title</th>
<th>FTE</th>
<th>Reports to:</th>
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</thead>
<tbody>
<tr>
<td>Strategic Programs and Planning Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>Graduate and Research Policy Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>Economic Development and Industry Affairs Officer</td>
<td>1.0</td>
<td>Graduate Policy and Research Officer</td>
</tr>
<tr>
<td>Enrollment Policy and Community College Liaison Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>K-12 and Teacher Education Liaison Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
</tr>
<tr>
<td>Community College Partnerships Planning Assistant</td>
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<td>Strategic Programs and Planning Officer</td>
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<td>Decision Support Officer</td>
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<td>Research Associate</td>
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<td>Strategic Programs and Planning Officer</td>
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<tr>
<td>Performance Measurement and Outcomes Officer</td>
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<td>Strategic Programs and Planning Officer</td>
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<td>Planning Assistant</td>
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<td>Performance Measurement and Economic Development Officer</td>
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<tr>
<td>Administrative Assistant</td>
<td>1.0</td>
<td>Enrollment Policy and Community College and K-12 Teacher Education Liaison Officers</td>
</tr>
<tr>
<td>Administrative Assistant</td>
<td>1.0</td>
<td>Graduate and Research Policy Officer</td>
</tr>
</tbody>
</table>