MINUTES FOR THE
REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION

December 21, 2001

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OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING
ROOMS 327/8/9, SMITH MEMORIAL CENTER
PORTLAND STATE UNIVERSITY
PORTLAND, OREGON

CALL TO ORDER
The meeting of the State Board of Higher Education was called to order at 1:40 p.m. by President VanLuvanee.

ROLL CALL
On roll call, the following Board members answered present:

Mr. Roger Bassett  Ms. Erin Watari
Mr. Tom Imeson  Mr. Jim Willis
Ms. Leslie Lehmann  Mr. Tim Young
Mr. Jim Lussier  Mr. Don VanLuvanee
Dr. Geri Richmond

Absent: Mr. Bill Williams (business conflict) and Ms. Phyllis Wustenberg (ill)

APPROVAL OF MINUTES
The Board dispensed with the reading of the October 19, 2001, regular meeting minutes; the November 9, 2001, Board teleconference briefing minutes; the November 16, 2001, Board meeting minutes, and the November 19, 2001, Emergency Board meeting minutes. Mr. Lussier moved and Mr. Young seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Willis, Young and VanLuvanee. Those voting no: none.

PRESIDENT’S REPORT
Oregon Robotics Tournament
President VanLuvanee announced the success of the Oregon Robotics Tournament and Outreach Program. He explained that this was a unique competition in which young people ages 9 and above use Lego pieces to build robots and watch their creations race through a two minute obstacle course. The competition was organized by Dr. Bruce Shafer and was supported by Vice Chancellor Bob Dryden, the Joint College of Engineering and Computer Science, and the Vice Chancellor for Corporate and Public Affairs.

He explained that approximately 30 teams were expected, but the event actually attracted 65 teams and more than 500 participants.
throughout the state. He felt that the success of this program represents another in a series of outstanding ways the Joint College is working to attract the interest of Oregon’s best and brightest youngsters into science education.

<table>
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<tr>
<th>Oregon Disabilities Commission 2001 Distinguished Service Award</th>
<th>Mr. VanLuvanee acknowledged Roz Slovic, a senior research assistant in the College of Education at the University of Oregon. Ms. Slovic works in the field of educational and community support and was recently honored by the Oregon Disabilities Commission as the recipient of its 2001 Distinguished Service Award. The award recognizes more than sixteen years of commitment to improving the employment and training opportunities for the disabled.</th>
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<td>Fulbright Awards</td>
<td>Mr. VanLuvanee announced that two campuses have Fulbright Award winners for 2001-2002. Award recipients from OSU include Adjunct Professor Adela Baer, Associate Professor Barbara Bond, Assistant Professor Jadwiga Giebultowicz and Professor John Gillis. Recipients from PSU were Professor Gil Latz and Assistant Professor Jacqueline Temple. The recipients will represent Oregon higher education by conducting research activities in places such as Malaysia, Argentina, Poland, Russia, Italy and Finland.</td>
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<td>Science Center Endowment, EOU</td>
<td>Mr. VanLuvanee acknowledged a very special honor paid to Eastern Oregon University by one of its alumni Dr. David Huber. Dr. Huber, a 1974 graduate and the founder of several optical communications companies, recently announced a personal gift of $600,000 to EOU for construction of its new Science Center and the endowment of physics and engineering scholarships. The gift will be the largest in EOU’s history.</td>
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<td>“Publisher’s Pick” Hispanic Outlook in Higher Education</td>
<td>Mr. VanLuvanee announced a national honor that has recently been bestowed upon Western Oregon University. For the fourth straight year, WOU has been acclaimed as a “Publisher’s Pick” by <em>The Hispanic Outlook in Higher Education</em> for its efforts to recruit and retain minority students. Over the past two academic years, WOU has worked hard to increase its retention of Hispanic students on campus and, because of that effort and the work of its Office of Multicultural Student Services and Programs, they have been successful in helping many first-generation Hispanics realize their dream of a college education.</td>
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Mr. VanLuvanee added that WOU President Betty Youngblood will soon be leaving Oregon to begin a new presidency at Lake Superior State University in Michigan and will be greatly missed.

CHANCELLOR’S REPORT
Meyer Memorial Trust

Chancellor Cox congratulated EOU President Creighton on receipt of the Meyer Memorial Trust Award for $500,000 which, he noted, is in addition to Dr. Huber’s gift, bringing the total amount awarded to $1.1 million for the new EOU Science facility.

Gubernatorial Support

OUS Director of Government Affairs Grattan Kerans stated that Chancellor Cox has met with four of the six leading gubernatorial candidates and will meet with the other two in January 2002, in an effort to build relationships and to keep the candidates informed of issues over the coming year. Mr. Kerans stated that the candidates are enthusiastic about the work of the public university system and are highly supportive, sharing the belief that the OUS is a leading factor in Oregon’s economic, civic and social progress. In spite of the current fiscal constraints, he felt that they are leadership candidates who understand the need of the System and its role.

Mr. Kerans addressed the budget issue, noting that the final figures have not yet been provided by the Governor’s office, but some possible dollar amounts have been suggested. He stated that the Governor has predicted that the economy hasn’t finished contraction and he will take into account the potential for further revenue shortfalls. Mr. Kerans pointed out that increasing tuition to compensate for the lack of state funding would not be beneficial since higher tuition could result in the loss of enrollment. Chancellor Cox emphasized that there is a mistaken impression that if there’s a six percent cut in state funding, a tuition increase of six percent would offset that, but he noted that tuition is only part of the budget.

Mr. Young asked whether the budget exercise will be spread out over the biennium. Mr. Kerans responded that the exercise was applied to the upcoming academic year, but tuition is not able to resolve this budgetary crisis and will not be considered as a solution. It would be impossible, he explained, to capture it all in one year at the four percent or higher level and would be difficult at best at the two percent level.
REPORT FROM IFS PRESIDENT

Interinstitutional Faculty Senate President Craig Wollner stated that the IFS met at PSU on December 7 and 8, 2002, to discuss the budget issue and were greeted by PSU President Dan Bernstine and PSU staff Debbie Murdoch. IFS has also had budget discussions with Ms. Lehmann and Mr. Bassett as well as State Representative Betsy Johnson of Scapoose, Vice Chancellor Vines and Bob Bruce of OUS staff. Dr. Wollner reported that Ms. Lehmann and Mr. Bassett had stated that one of the System’s problems in dealing with the legislature has been its willingness to muddle through with smaller budgets than are necessary to make the System well, but that now it’s time to speak out more assertively about the needs of higher education. Dr. Wollner suggested that public opinion is not on our side because, according to some members of the public, higher education is just another public service. He felt the great need for public campaigning to get a new message across and applauded the upcoming Town Hall presentations.

Dr. Wollner stated that the legislature is an even more difficult audience and felt that few law makers understand the Resource Allocation Model (RAM). He noted that OUS has a great deal of work to accomplish between now and the next session in order to get a fair hearing in what promises to be a financially troublesome environment.

Dr. Wollner said that he was directed by IFS to request the Board allow faculty and students to have a formal role in the process of choosing a new Chancellor. He commended Mr. Willis’ pledge to include IFS in the search process.

Regarding the OSU budget shortfall, Dr. Wollner said, “OSU senators gave us a detailed description of the mechanics of budget cutting and, though we were disturbed by the volume of the figures involved, IFS was deeply impressed by the process the OSU administration has begun. It seeks to engage rather than merely address the entire campus. In short, it appears to be a model of shared governance. IFS applauds this effort and recommends it to others as a model for the process that looms everywhere in the coming months.” He asked that the Board study the OSU experience and urge other institutions to emulate the process.

REPORT FROM OSA BOARD

John Wykoff, legislative director for the Oregon Student Association, spoke on behalf of Board President Tamara Hendersen. He pointed out that, while the state may be in recession, the demand for higher education is in a boom. The loss of state revenue makes OUS unable
to meet the record demand that Oregonians have for higher education and postsecondary education. He agreed that the first priority should be to protect access to instruction in the way that the Board has articulated. Recently, OSA reminded the legislature that the last time they made serious cuts to higher education, Oregon lost nearly 6,000 students to systems outside of the state, and most of those students who attended institutions elsewhere did not return to Oregon.

Mr. Wykoff went on to say, “Before the Senate’s Economic Stimulus Committee, we tried to make the point that, in a recession, if you’re looking at a short-term recession, you need to protect higher education so that higher education will still have the capacity to meet the needs of employers once the session ends. If you have crippled higher education, it will not be able to meet that demand and keep Oregon’s economy moving. If this is a long-term recession, and I don’t think most people believe it is a long-term recession, but if it is, higher education plays a vital role in retooling the economy and allowing it to take the steps that need to be taken to get out of the recession.

“In front of the Stimulus Committee we also talked about using capital construction as a way to stimulate the economy. In both the higher education sector and in community colleges you have, as you all know, a very large deferred maintenance backlog. Capital construction is a very good way to stimulate the economy. For every million dollars you spend, you gain about 20 jobs. A recent study showed that 86 percent of the dollars spent on capital construction stays in the state because they’re paying for things, such as premixed concrete that can’t be bought from out of state. There’s a very good multiplier from subcontractors on that kind of spending, so OSA tries to encourage folks to look at this as a way to stimulate the economy.”

Mr. Wykoff asked that the Board also protect the Oregon Opportunity Grant. He explained that this is a very important issue to the OSA Board because that program provides about 19,000 need-based grants to students but still turns away about 25 percent of eligible applicants. Those turned away are people who are close to the edge as far as paying for education. He also asked that the Board protect the childcare grant program, which provides care for student parents in need.
Mr. Wykoff summed up his report by stating OSA’s highest priority is protecting the funding model. He said, “This is our first priority and, without talking about the specific programs, should the legislature again chose to prioritize targeted programs over the resource allocation model, it will come at either the cost of the model or access. We will either go from 88 percent, where we have gone to 84 percent of funding of the model, down to who knows what percent. If you don’t take it out of the model, you’re going to have to take it out of tuition, which means you lose access. From our perspective, either way, that is a loss.”

RATIFICATION OF TEMPORARY RULES OAR 580-021-0030, VACATIONS, AND OAR 580-021-0040, SICK LEAVE PLAN FOR ACADEMIC PERSONNEL

Staff Recommendation to the Executive Committee

Staff recommends that the Executive Committee of the Board approve the revision to the rules as presented by the following temporary rules. The temporary rule shall be in effect for 180 days, during which time formal action for the consideration and adoption of a permanent rule shall be commenced.

Executive Committee Action and Recommendation

Mr. VanLuvanee explained that, at it’s October 19, 2001, meeting, the Board delegated authority to the Executive Committee to consider this temporary rule. It was approved by the Executive Committee at the November 16, 2001, meeting and brought back to the Board for ratification.

Board Discussion and Action

Mr. Lussier moved and Mr. Young seconded the motion to ratify the amendment to the OAR as submitted. On a roll call vote, the following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Willis, Young, and VanLuvanee. Those voting no: none.

PRESIDENTIAL PERFORMANCE

Mr. VanLuvanee stated that the Executive Committee met earlier to review two personnel matters in Executive Session. The Committee was briefed on the status of negotiations at WOU and received the annual presidential performance reports from the Chancellor. Mr. VanLuvanee ascertained that the System’s presidents continue to demonstrate outstanding performance, and he said he intends to make a motion that, based on merit, the Board should award each of the presidents a three percent salary increase, similar to the average
increase provided for all faculty members for 2002. He would also move that the Chancellor be directed to increase the expense funds for each president in 2002 and to award a fixed sum high-merit increase to EOU President Creighton and UO President Frohnmayer for exceptional meritorious work during the past year. He asked the Chancellor to meet with representatives of the respective campus foundations in the near future to explore the possibility of privately financing improvements to presidential salaries, noting that presidents of the institutions are falling farther and farther behind their peers in compensation, yet OUS cannot rely solely upon state resources to maintain the competitiveness of its presidential salaries.

Mr. VanLuvanee moved and Mr. Young seconded the motion to approve, effective January 1, 2002, an increase of three percent in salaries for all OUS presidents and direct the Chancellor to adjust their expense allowances to better cover inflationary increases. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Willis, Young, and VanLuvanee. Those voting no: none.

Mr. VanLuvanee moved and Mr. Lussier seconded the motion to direct the Oregon University System to award a fixed-sum exceptional merit bonus of $5,000 for the year 2002, for both President Creighton and President Frohnmayer for exceptional performance. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Willis, Young, and VanLuvanee. Those voting no: none.

Dr. Vines stated that there was an earlier recommendation that the Board ask the Board president to appoint a student Board member to the Search Committee. Mr. VanLuvanee stated that he is not in favor of this recommendation, although he will take the advice seriously and discuss the matter with Mr. Willis. He argued that the issue of adding to the Executive Committee serving as the Search Committee worries him, not because of any individual, but because of his concern for setting a precedent for other constituents to lobby for a position on the Committee. He opined that they have a good Search Committee and a good leader.

Mr. Willis moved and Mr. Young seconded the motion to add a student representative from the Board to the Search Committee. The
following voted in favor: Directors Bassett, Imeson, Lehmann, Richmond, Watari, and Young. Those voting no: Directors Lussier, Willis, and VanLuvianee.

Mr. Young noted that, if either he or Erin Watari are invited by the Board president to sit on this committee, they would take the responsibility very seriously and contribute to the process as best as possible. Mr. VanLuvianee clarified that the motion is a recommendation to the chair.

SUMMER TUITION RATES

Mr. Imeson referred to earlier discussions regarding governance and the Board’s relationship to tuition. He stated that the document before them doesn’t say anything about what Board policy is with respect to tuition increases proposed by institutions or latitude given to institutions with respect to tuition. He briefly reviewed some of the tuition and fees in the document and observed that there are different levels of tuition depending on the program, although those costs are reflected as fees. He argued that the Board should be considering the question of the Board’s policy with regard to tuition and there should be a follow up to the discussion. He noted that the legislature allows certain guidelines for increasing tuition without an additional report.

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve an amendment to OAR 580-040-0035, 2002 Summer Session Fee Book as follows:

**Summer Session Fee Book OAR 580-040-0035**

The document entitled “Summer Session Fee Book 2002” dated December 21, 2001, is hereby adopted by reference as a permanent rule. All prior adoptions of summer session fee documents are hereby repealed except as to rights and obligations previously acquired or incurred thereunder.

Through the amendment, the residence hall and food service charges and the tuition and fee rates and policies applicable during the Summer Session 2002 will be adopted.

Staff requested the Board Budget and Finance Committee consider the staff recommendation and move it to the full Board for adoption.
Budget and Finance Committee Recommendation to the Board

Mr. Imeson reported that the Budget and Finance Committee approved the staff recommendation as submitted and recommended approval by the Board.

Board Discussion and Action

Mr. Imeson moved and Mr. Young seconded the motion to approve the amendment as recommended. Upon a roll call vote, the following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Willis, Young, and VanLuvanee. Those voting no: none.

CONFIRMATION OF DEGREE LISTS FOR ACADEMIC YEAR 2000-01

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board confirm the actions of Board members in approving degrees and diplomas for 2000-01.

System Strategic Planning Committee Recommendation to the Board

Ms. Lehmann reported that the System Strategic Planning Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action

Ms. Lehmann moved and Mr. Bassett seconded the motion to approve the degree lists as submitted for academic year 2000-01. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Willis, Young, and VanLuvanee. Those voting no: none.

OFFICE BUILDING PURCHASE (UO)

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve the UO’s request to purchase the Office/Client Consultation facility, located at 299 East 18th Avenue, Eugene, Oregon, from Gary T. and Janice Balogh, for $850,000 plus closing costs, assuming all conditions are met and that the final purchase details are agreed upon by all parties, subject to final approval by the Vice Chancellor for Finance and Administration.
Budget and Finance Committee Recommendation to the Board

Mr. Imeson reported that the Budget and Finance Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action

Mr. Imeson moved and Mr. Lussier seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Willis, Young, and VanLuvanee. Those voting no: none.

OTHER REPORTS

Joint Boards Working Group

Mr. Lussier reported that the Joint Boards Working Group met on September 21, 2001, and discussed a number of workforce-related issues. There will be a Joint Boards of Education meeting on January 18, 2002, during which time the workforce issues will be readdressed.

OHSU

Mr. Imeson announced that there was a strike of nurses at Oregon Health and Sciences University. OHSU Provost and Vice President for Academic Affairs Lesley Hallick briefly reviewed the labor negotiations in progress. She stated that the offer being proposed is the best they can offer without impacting the entire state in terms of the Oregon Health Plan and all of the other hospitals who expect to enter into labor negotiations. She assured the Board, however, that OHSU is operating and continuing to serve the public.

She stated that OHSU is experiencing a similar budget exercise to the one in which the System is engaged. She stated that they have just implemented a ten percent cut and are now being asked to look at an additional ten percent cut. These cuts raise enormous program reduction issues and OHSU representatives are spending a lot of time dealing with program constituents in the process. She stated that one positive result has been the transfer of the paramedic and the medical technology programs to OIT. Those faculty became OIT faculty on December 1, 2001. Another positive occurrence is that they are at the end stage of a five-year process of master planning with the City of Portland. Plans are expected to be approved by next summer. The pre-design phase for a new research building and a new clinical building was recently finished, and the design phase will be launched over the next few months.
Ms. Lehmann stated that, as of November 30, 2001, almost 8,000 accounts have been established. Forty percent of the accounts were established since September 30, 2001, said Ms. Lehmann, which was the period when an intensive marketing program was launched. The average account balance was just over $3,000. There are accounts in all counties of Oregon, which was one of the goals, and investment options to go nationwide have recently been added as well as a federal tax benefit in addition to the state benefits. The maximum contribution amount has been increased to $250,000 in order to serve students who attend private schools and professional schools. The current investment is $25 million.

Mr. VanLuvanee announced that letters of appointment will be mailed the week of December 24, 2001, and all individuals who have been contacted have committed to serve. Allen Alley, the CEO of Pixelwork and the past president of the Oregon AEA, will serve as chairman. The first meeting is being scheduled for some time between mid January and early February.

No one signed up to speak during the public input session.

Ms. Watari thanked President Bernstine for the dinner and entertainment last night.

Mr. Bassett acknowledged President Bernstine for his efforts with community college presidents in addressing the issue of unemployment in Oregon.

Ms. Lehmann expressed enthusiasm with regard to the discussions in which the Board is engaged and that are focused on opportunities.

There were no items from Presidents.

Board Secretary Vines read the statement pertaining to delegation of authority to the Board’s Executive Committee:

“Pursuant to Article II, Section 5 of the Bylaws of the Board of Higher Education, the Board delegates to the Executive Committee authority to take final action as here designated or deemed by the Committee to be necessary, subsequent to the
adjournment of this meeting and prior to the Board's next meeting, which is scheduled for February 15, 2002. This delegation includes the authority for the Executive Committee to consider and accept the donation of real property to Eastern Oregon University’s Head Start Program for property located off campus. The Executive Committee shall act for the Board in minor matters, and in any matter where a timely response is required prior to the next Board meeting.”

Board members agreed to the delegation of authority as stated.

ADJOURNMENT  The Board meeting adjourned at 2:40 p.m.

Diane Vines  
Secretary of the Board

Don VanLuvanee  
President of the Board