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

February 15, 2002

CALL TO ORDER

ROLL CALL

APPROVAL OF MINUTES

December 21, 2001, Board Meeting Minutes

PRESIDENT’S REPORT

WOU Retention of Hispanic Students
WOU Professor Named Winner of 2001 Latino Literature Prize
EOU Dean Receives 2002 Service Award from Oregon Women in
Higher Education
SOU Exchange with Universidad de Guanajuato de Mexico
OSU and PSU Presidents Recognized
New Board Member, Kerry Barnett

CHANCELLOR’S REPORT

Chancellor’s Search
EOU President Creighton to Stay in Oregon
PSU Recognized for Undergraduate Teaching
New Web Page OregonEngineer.org
Dr. Lubchenco of OSU Receives Heinz Award
Search Committee
Board Information System Update
WOU Presidential Search
OIT Privatization

REPORT FROM IFS PRESIDENT

REPORT FROM OSA BOARD

Executive Committee

ACTION ITEMS

Recommendation of Salary Increase for Chancellor Cox
Ratification of Executive Committee Acceptance of Donated
Property to EOU
Budget and Finance Committee
ACTION ITEMS
- Purchase of Building, PSU
- Purchase of Land, OIT
- Optional Retirement Plan Amendments

System Strategic Planning Committee
ACTION ITEMS
- Undergraduate Admission Policy for 2003-04
- OSU Reorganization

CONSENT ITEMS
- Resolution for Exclusion of Certain Directors or Officers
- OSU, Ph.D., Materials Science
- OSU, M.F.A., Creative Writing
- OSU, Master of Public Policy
- OHSU, Master of Medical Informatics
- Authorization to Award Honorary Doctorate Degrees
- OUS State Legislative Proposals
- OUS Federal Appropriations

Joint Budget and Finance/System Strategic Planning Committee
ACTION ITEM
- Budget Re-balance

Investment Committee
ACTION ITEM
- Commonfund Multi-Strategy Bond Fund

OTHER COMMITTEE REPORTS
- Joint Boards Working Group
- OHSU
- Legislative Report
- Oregon College Savings Plan

PUBLIC INPUT SESSION

ITEMS FROM BOARD MEMBERS

ITEMS FROM PRESIDENTS

DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE

ADJOURNMENT
OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING
BALLROOM, ERB MEMORIAL UNION
UNIVERSITY OF OREGON
EUGENE, OREGON

CALL TO ORDER
The meeting of the State Board of Higher Education was called to order at 1:47 p.m. by Vice President Lussier.

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

   Mr. Roger Bassett
   Mr. Tom Imeson
   Ms. Leslie Lehmann
   Mr. Jim Lussier
   Dr. Geri Richmond
   Mr. Bill Williams
   Ms. Phyllis Wustenberg
   Mr. Tim Young

Absent: Kerry Barnett (business conflict), Erin Watari (personal conflict), Don VanLuvanee (ill)

APPROVAL OF MINUTES
The Board dispensed with the reading of the December 21, 2001, Board meeting minutes. Mr. Imeson moved and Dr. Richmond seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

PRESIDENT’S REPORT
Mr. Lussier thanked President Frohnmayer for a wonderful reception and dinner, noting that the Board members appreciated all the effort that he and Mrs. Frohnmayer made to welcome them to the University of Oregon.

WOU Retention of Hispanic Students
Mr. Lussier announced that Western Oregon University has made great strides in recent years to improve its attraction and retention among Hispanic students, noting that a great part of that effort reflects upon inspirational role modeling provided by WOU Latino faculty members.
WOU Professor Named Winner of 2001 Latino Literature Prize

He explained that WOU Professor Eduardo Gonzalez-Viana recently earned special recognition for his work outside the classroom. Professor Gonzalez-Viana, who teaches Spanish and Latin American culture, was named one of the winners of the 2001 Latino Literature Prize from the Latin American Writers Institute of New York. Mr. Lussier explained that the honor recognizes a short story written by Professor Gonzalez-Viana which, roughly translated, is entitled “Dreams of America.” Mr. Lussier congratulated Professor Gonzalez-Viana and Western Oregon University for this outstanding work and honor.

EOU Dean Receives 2002 Service Award from Oregon Women in Higher Education

Mr. Lussier also announced that an award was recently given to Dean Dixie Lund, the director for distance education at EOU. He explained that, throughout her career, Dean Lund has helped to bring educational opportunity to students who live in rural and remote areas, most of whom have been women, who might not otherwise have had the opportunity to participate in higher education. Dr. Lund was recently honored with the 2002 Service Award from the Oregon Women in Higher Education, an award encouraged by the nomination from President Phil Creighton.

SOU Exchange with Universidad de Guanajuato de Mexico

Mr. Lussier congratulated Southern Oregon University for exceptional service to citizens outside the state. He explained that, since 1969, SOU has conducted a highly successful and engaging academic exchange with the Universidad de Guanajuato in Mexico. Students from both universities cross paths in late summer each year. Those from Guanajuato come to SOU for a year or more of work, and students from SOU head south to begin a year of work at one of Mexico's oldest and most respected universities.

SOU has recently added its new Master's in Management Program to the academic exchange. The program will allow faculty at the University of Guanajuato, as well as other professionals in the community, an opportunity to gain graduate-level education and experience in using English language skills for conducting business in our global environment. The MiM Program makes a wonderful addition to cultural exchange in both communities and continues SOU's long tradition of service and scholarship with the people of Mexico. He congratulated President Zinser, Provost Hopkins-Powell, and the SOU academic community for adding to the quality of this important academic outreach.
OSU and PSU Presidents Recognized

Mr. Lussier announced that, recently, both President Paul Risser of Oregon State University and President Dan Bernstine of Portland State University were presented awards for their accomplishments as researchers and scholars.

President Risser has been given a lifetime appointment as a National Associate of the National Academies and is one of the original appointees. His appointment recognizes a lifetime of distinguished service as an educator, scientist and advisor to the National Academies that advise our government and the public on matters of science, technology and health. Dr. Risser has long been an advisor to such distinguished groups as the National Academy of Sciences, the National Science Foundation, the Smithsonian Institution, the Environmental Protection Agency and the National Park Service. This award truly recognizes his renowned career as an eminent scientist and public servant.

President Bernstine, has been honored by membership as a lifetime Fellow of the Wisconsin Law Foundation. Such membership is only accorded to those who are among the most outstanding practitioners of the legal profession, and is usually awarded to judges or high-profile lawyers. This year, other prominent members of the Wisconsin Bar Association recognized President Bernstine and his exceptional contributions to the field as former dean of the University of Wisconsin Law School.

New Board Member, Kerry Barnett

Mr. Lussier announced that Kerry Barnett has been confirmed by the Senate to replace Jim Willis on the Board of Higher Education. Mr. Barnett currently serves as a vice president for professional relations and regulatory compliance with ODS Health Plans. An attorney, he formerly held positions as chief executive officer of HealthFirst, director of the Oregon Department of Consumer and Business Services, and legal counsel to Governor Roberts.

CHANCELLOR’S REPORT

Chancellor Cox noted that, while Mr. Willis will no longer serve as a member of the Board, he testified as a private citizen and on behalf of the University System before Governor Kitzhaber’s special hearing in Salem.

Chancellor’s Search

Chancellor Cox reported on behalf of Mr. Willis, Chancellor’s Search Committee chair, that the application pool for the Chancellor’s search continues to build and that there is optimism about the quality of
individuals applying. Mr. Krinsky of the search firm continues to field enquiries and has announced that they are on schedule.

**EOU President Creighton to Stay in Oregon**

Chancellor Cox congratulated President Creighton for his decision to remain at EOU. Chancellor Cox announced that Eastern Oregon University and Washington State University were singled out this month in the National Cross Talk’s publication, the Center for Public Policy on Higher Education, for their work in distance learning.

**PSU Recognized for Undergraduate Teaching**

Chancellor Cox congratulated Portland State University for receiving four awards named for enhancing undergraduate teaching and learning.

**New Web Page OregonEngineer.org**

Chancellor Cox announced that Vice Chancellor for Engineering and Computer Science Bob Dryden has created a new web page called *Oregon Engineer*. It will feature information, a guide to resources about engineering education in Oregon, and will put students on-line instantly with all OUS institutions in terms of programs.

**Dr. Lubchenco of OSU Receives Heinz Award**

Chancellor Cox also congratulated OSU’s Jane Lubchenco for receiving the Heinz award for environmental research, an extremely prestigious award.

**Search Committee**

Chancellor Cox stated that the Chancellor’s Search Committee has agreed to hold public sessions around the state to receive input from citizens about what kind of person and what kind of direction the System might be seeking. Meetings have been held in Medford, Portland, Salem and Eugene with encouragingly remarkable citizen attendance and engagement.

**Board Information System Update**

Vice Chancellor Vines referred to an update on the Board Information System in terms of online information resources related to performance and planning. She explained that, in the next couple of months, the Board Information System will be moved on-line. The site will relate to the fiscal accountability issues that were studied by the consultants.

**WOU Presidential Search**

Dr. Vines stated that Roger Bassett agreed to serve as chair of the WOU Presidential Search Committee and that Dr. Geri Richmond and Director Kerry Barnett agreed to serve on the Committee. Phyllis Wustenberg, who has experience on presidential searches, agreed to serve as ex officio advisor. The first Search Committee meeting is scheduled for Monday, February 18, 2002, the RFP for the search
firm has been released, and the Committee is moving forward with the goal of having the candidates on campus in the last week in May, 2002.

OIT Privatization

Chancellor Cox stated that the study on OIT privatization is continuing but OIT doesn’t have a formal proposal in writing at this point. He said he plans to visit the potential donors within the next two weeks and will keep the Board posted. He has spent some time with a consulting firm who had been involved in four similar conversions in order to get a sense of their advice and expertise. Chancellor Cox noted that it is imperative that public policy issues are kept separate from the operational and tactical implementations. He noted that there are many questions that still must be asked and answers which must be secured. He stated that the financial viability of the design is an important issue to be addressed, and he hoped to report on the topic at the next Board meeting.

IFS
PRESIDENT’S REPORT

Elaine Deutschman, 2002 IFS president and mathematics professor at OIT, introduced herself to the Board. She explained that the IFS met most recently at the University of Oregon in early February with special guests Provost Moseley, Director Geri Richmond, President Frohnmayer, Professor Nathan Tublitz of the University Senate, Director Roger Bassett and State Senator Tony Corcoran. She explained that most of the discussion centered on the impacts expected at the UO and across the System from legislative budget cuts. She noted that key topics in those discussions were student access and program quality. She stated that the balancing act to maintain both in the face of proposed cuts is a tough one for all institutions within the System.

On behalf of the IFS, she thanked the Board for opening up the Chancellor’s search process. She stated that several faculty members took the time to present their ideas about the qualities they felt should be sought of any successful candidate to replace Chancellor Cox. Some faculty members plan on attending future sessions and others have sent Virginia Thompson email responses expressing their views. Dr. Deutschman noted that OUS faculty are concerned about and deeply committed to finding the best person for this important position. The IFS, she added, would like to assist in the process when the list of candidates is reduced to the short list of three finalists, arguing that a non-Board faculty member’s perspective is essential to the deliberations.
At a brief presentation on the OIT privatization proposal, faculty raised many concerns, including the issue of access for students with proposed tuition increases; the loss to the state of Oregon of a public higher education institution, both on philosophical and financial grounds; motivations for the strings attached to the gift (withdrawal from the OUS and a seat on the board of trustees for the donor); the form of the funding (stock in a privately held corporation); and the size of the gift, which doesn't appear to be large enough to sustain an independent institution without heavy supplementation from tuition and other sources.

Dr. Deutschman stated that the IFS is convening a committee to develop policy options for inclusion in the System's budget for the next biennium and intends to be part of the process, and wants to be included at the table when the presidents and others bring forward their requests. She noted that she has requested procedural information and time lines from the Chancellor's Office in order to participate fully in this process.

Another concern raised by the IFS was the growing use of contingent faculty at some of the institutions. She ascertained that many contingent faculty are excellent, dedicated teachers working under less than ideal conditions, doing the best job they can, but IFS is concerned about maintaining quality education at the institutions and feels that heavy reliance on contingent faculty dilutes that quality. She stated that five years ago, about 37 percent of student-credit hours at one of the institutions were delivered by contingent faculty; and according to research by a faculty member at that institution, the percentage has increased to 44 percent. She argued that this does not provide quality college experiences. She stated that quality academic programs require involvement from permanent faculty who take responsibility for curriculum development and assessment and who set requirements and design programs and majors. She argued that reliance on contingent faculty deprives departments of the faculty they need to carry out these functions and deprives the institution of the long-term commitment and devotion from its faculty. She stated that a reputation for quality is an institution's most precious commodity and the IFS urges the Board and the individual institutions to do all that's possible to reduce dependence on contingent faculty.

REPORT FROM OSA BOARD

Members of the OSA Board were attending a conference and were unavailable to provide a report to the Board.
Mr. Lussier pointed out that, at the December 2001 meeting, the Board adjusted the salaries and expenses incidental to positions of the presidents. He stated that the Board leadership recommends recognizing Chancellor Cox’s performance as well. Mr. Lussier noted that Chancellor Cox has continued to provide outstanding leadership for the System and that the Board has recommended a three percent salary increase for the Chancellor, which is similar to those given to the presidents and the average increase provided for faculty in 2002. The Board has also recommended that the Board leadership be directed to increase the expense funds for the Chancellor in 2002.

Board Discussion and Action

Mr. Imeson moved and Ms. Lehmann seconded the motion to approve the Chancellor’s salary increase as recommended. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

Summary

At the January 18, 2002, Executive Committee meeting, Vice Chancellor Tom Anderes explained that EOU sought to transfer .247 acres of land, located in the town of Union. He explained that the donation provides space for the EOU Head Start program to expand the preschool program. The Head Start program recently has been forced to move from its location in the Union High School because of the condition of the space at that site. The program received a federal grant of $217,000, which would allow them to purchase a modular classroom to put on the donated parcel which is valued at $60,000. Vice Chancellor Anderes noted that the transfer of requests for property valued under $100,000 is usually a routine process that doesn’t require official Board approval, however, since the property is located off-campus, Board approval is required.

Staff Recommendation to the Executive Committee

Staff recommended that the Executive Committee approve, on behalf of the Board, EOU’s request to accept a donation of .247 acres of land located at 542 S. College Street, Union, Oregon, from the Community Bank of Joseph, Oregon, assuming all conditions are met and that final transfer details are agreed upon by all parties, subject
Executive Committee Recommendation to the Board

Mr. Lussier reported that the Executive Committee approved the staff recommendation as submitted and recommended the Board ratify acceptance of the donated property.

Board Discussion and Action

Ms. Lehmann moved and Mr. Williams seconded the motion to ratify approval of the Executive Committee acceptance of donated property to EOU. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

PURCHASE OF BUILDING, PSU

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve PSU's request to purchase the 5th Avenue Business Center facility, located at 2130-2136 SW Fifth Avenue and 521 SW Jackson Avenue in Portland, Oregon, from the Walter R. and Velma A. Peterson Trust, for a maximum of $3.1 million 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, plus a $400,000 allowance for deferred maintenance costs and building upgrades.

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. Williams seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.
Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve OIT’s request to purchase 17.4 acres of land, located at Bryant Williams Drive, Klamath Falls, Oregon, from James, Rhonda, John, and Joanne O’Connor, for $215,000 assuming all conditions are met and that the final transfer 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. Williams seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

Optional Retirement Plan Amendments

Mr. Imeson explained that these amendments are required changes in the Internal Revenue Code related to retirement plans.

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve the Optional Retirement Plan Amendments as required by changes in the Internal Revenue Code related to retirement plans.

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. Williams seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.
UNDERGRADUATE ADMISSION POLICY FOR 2003-04

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board approve (1) that the 2001-02 general admission policy be continued as updated for the 2003-04 academic year; and (2) that staff continue to work with Oregon schools, OUS campuses, and the Oregon Department of Education on the transition from the traditional admission policy to the Proficiency-based Admission Standards System (PASS).

System Strategic Planning Committee Recommendation to the Board

Ms. Lehmann reported that the System Strategic Planning Committee recommended the 2001-02 general admission policy with some updates, primarily modest upgrades in admission requirements, be continued for 2003-04 with the exception that PSU undergraduate admission standards be deferred until April to allow for a possible change in the GPA requirements, and that staff continue to work with the K-12 system on the transition to PASS.

Board Discussion and Action

Ms. Lehmann moved and Ms. Wustenberg seconded the motion to approve the staff recommendation as amended by the SSP Committee. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OSU REORGANIZATION

Staff Recommendation to the System Strategic Planning Committee

Staff recommended the Board authorize OSU to merge and rename the existing College of Health and Human Performance and the College of Home Economics and Education into the College of Health and Human Sciences, effective immediately.

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. Young seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

RESOLUTION FOR EXCLUSION OF CERTAIN DIRECTORS OR OFFICERS

Staff Recommendation to the System Strategic Planning Committee

Staff recommended the Board adopt the resolution regarding access to classified information related to the Department of Defense material.

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 Ms. Wustenberg seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OSU, PH.D., MATERIALS SCIENCE

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board authorize OSU to establish a program leading to the Ph.D. in Materials Science. The program would be effective winter term 2002, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2007-08 academic year.

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 Ms. Wustenberg seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OSU, M.F.A., CREATIVE WRITING

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board authorize OSU to establish a program leading to the M.F.A. in Creative Writing. The program would be effective winter term 2002, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2007-08 academic year.

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 Ms. Wustenberg seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OSU, MASTER OF PUBLIC POLICY

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board authorize OSU to establish a program leading to the Master of Public Policy. The program would be effective winter term 2002, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2007-08 academic year.

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 Ms. Wustenberg seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OHSU, MASTER OF MEDICAL INFORMATICS

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board authorize OHSU to establish a program leading to the Master of Medical Informatics. The program would be effective winter term 2002, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2007-08 academic year.

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 Ms. Wustenberg seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

AUTHORIZATION TO AWARD HONORARY DOCTORATE DEGREES

Staff Recommendation to the System Strategic Planning Committee

Staff recommended the Board authorize OSU to award an honorary doctorate to Dr. John S. Niederhauser at the June 2002 Commencement ceremony; and to authorize PSU to award honorary doctorates to Professor Takayasu Okushima and Professor Takehiko Kawase, in Tokyo in March or April 2002; and Portland State University to award honorary doctorates to State Senator Lenn Hannon, Joan C. Johnson, and George Passadore at the June 2002 commencement.
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 Ms. Wustenberg seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OUS STATE LEGISLATIVE PROPOSALS

Staff Recommendation to the System Strategic Planning Committee

Staff recommended the Board submit the proposal for state legislative proposals to the Department of Administrative Services for consideration at the 2003 legislative session.

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.

OUS FEDERAL APPROPRIATIONS

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board approve the OUS Federal Appropriations package as presented.

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 Ms. Wustenberg seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OUS SIX-MONTH FINANCIAL REPORT

Staff Recommendation to the Joint Budget and Finance/System Strategic Planning Committees

Staff recommended that the Joint Budget and Finance/System Strategic Planning Committee approve the OUS Six-month Financial Report as submitted by staff.

Joint Budget and Finance/System Strategic Planning Committees Recommendation to the Board

Mr. Imeson reported that the Joint Budget and Finance/System Strategic Planning Committees approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action

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

BUDGET RE-BALANCE

Discussion regarding budget re-balancing was deferred until a balanced budget has been prepared.

COMMONFUND MULTI-STRATEGY BOND FUND

Staff Recommendation to the Investment Committee

Staff recommended that the Board approve, for recommendation to the Oregon Investment Council, based on interviews, and a comparison of investment performance indicators and fee structure, that the Pooled Endowment Fund allocation to the Commonfund Multi-Strategy Bond Fund (approximate value $15,700,000 as of January 31, 2002) be sold and proceeds be invested with Western Asset Management Company.
Investment Committee Recommendation to the Board

Ms. Wustenberg reported that the Investment Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action

Ms. Wustenberg moved and Ms. Lehmann seconded the motion to approve the staff recommendation as submitted. The following voted in favor: Directors Bassett, Imeson, Lehmann, Lussier, Richmond, Williams, Wustenberg and Young. Those voting no: none.

OTHER REPORTS

Joint Boards Working Group

Mr. Lussier stated that the Joint Boards of Education recently met to discuss system integration and to identify workforce issues, which they will continue to pursue with community colleges. The Joint Boards also received specific information pertaining to teacher education, nursing, and engineering and computer sciences.

OHSU

Mr. Imeson stated that the mayor of Portland recently supported a science and technology quarter in the North Macadam area. The process has not yet been completed, but the project recognizes the importance and significance of OHSU to Portland and would help accommodate expansion inside the city.

Mr. Imeson noted that the nurses strike has finally ended, pointing out that the budget issues being discussed have also affected OHSU and the OHSU Board has agreed to communicate with the Governor in hopes that he will veto the portion of the legislation that proposes cuts in the state funding for the university.

Referring to the mayor’s press conference regarding the science and technology quarter, OHSU Provost Lesley Hallick stated that one of the fine points was in the maps they presented which depicts the OHSU district, the Macadam waterfront site, the PSU district and a swath of land in between. She explained that this is a long-term vision of a science and technology development in an urban center that includes not only biotechnology and bioscience, but also housing and conference hotels, and is expected to take between 20 and 30 years to complete. Mr. Lussier asked Dr. Hallick for an update on the Oregon Opportunity initiative. Dr. Hallick reported that the Emergency Board recently met and approved the expenditure limitation through DAS to issue bonds and reimburse expenses with those revenues.
Legislative Report

OUS Director of Government Affairs Grattan Kerans stated that, following adjournment of the Special Session on Monday, February 11, 2002, the Governor provided the required official five-day notice that he planned to veto the budget re-balance plan adopted by the legislature. The Governor held two days of hearings and expects a second Special Session will be called for the week of February 25 to address the next quarterly Economic and Revenue Forecast by the Office of Economic Analysis of the Department of Administrative Services, expected to be delivered February 28. The Governor’s estimation is that the shortfall facing state government will increase based on actual data for estimated tax payments received in December and January. The Governor believes the additional shortfall is in excess of $100 million and plans to present a new budget to reflect that. Mr. Kerans explained that the overall state shortfall is approximately $950 million, of which about $115 million has been recaptured through the E-Board budget re-balance.

Mr. Kerans stated that there doesn’t appear to be agreement between the legislative and gubernatorial positions on the budget, although there is going to be discussion and possible agreement in the next Special Session regarding transition of the Education Endowment Fund to a Schools Rainy Day Fund. Approximately $120 million of the principle in the fund would be used for the current budget shortfall, but the Governor would veto the proposal to take $115 million out of the Common School Fund, and has expressed interest in increasing cigarette tax, in opposition to the legislature. The Governor has proposed a 5.5 percent cut for OUS, although the legislative proposal was for more than 6 percent. Mr. Kerans argued that, if the gap between philosophies grows and the deadlock over closing it continues, it is likely that, in the next round of cuts, OUS budget cuts will again increase.

Oregon College Savings Plan

Ms. Lehmann reported that, at the end of January 2002, the Oregon College Savings Plan had 10,500 participants and almost $41 million invested. Those earnings are both state and federal tax free and the Plan is available to non-residents as well as residents. She stated that the Plan now has seven different alternatives available to investors of varying appetites for investment risk.

PUBLIC INPUT SESSION

No one signed up to speak for the public input session.
Board members thanked President Frohnmayer for hosting dinner last night. They remarked how wonderful the entertainment was and commented on the quality of the performance given by the graduate student musicians. Board members thanked President Creighton for staying at EOU and offered President Youngblood best wishes for her future endeavors.

President Frohnmayer thanked the Board for joining his family for dinner and looks forward to the next visit.

President Creighton introduced EOU’s new Provost-designate, Dr. John Miller. President Creighton stated that Dr. Miller, who joins EOU from southeast Louisiana, will begin at EOU on July 1, 2002.

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 April 19, 2002. This delegation includes the authority for the Executive Committee to consider the purchase of real property by Portland State University and to authorize the bond funding necessary to complete the purchase. It also includes the acceptance of the report of the audit of the OSU shortfall and the budget re-balance items. 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.

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

Diane Vines  
Secretary of the Board

Don VanLuvanee  
President of the Board