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

June 21, 2002

CALL TO ORDER 41
ROLL CALL 41
APPROVAL OF MINUTES 41
   April 19, 2002, Board Meeting Minutes
   May 17, 2002, Special Board Meeting Minutes
PRESIDENT’S REPORT 41
CHANCELLOR’S REPORT 44
REPORT FROM IFS PRESIDENT 44
REPORT FROM OSA BOARD 46

ACTION ITEMS
   Nominating Committee
      Executive Committee Appointments, 2002-03 47
   Executive Committee
      Purchase of Property - Ione Plaza (PSU) 48
   Budget and Finance Committee
      FCC Licensing: Policy and Procedure 48
      Nonresident and Graduate Tuition Rate Adjustment 2002-03 49
   Joint Budget and Finance/System Strategic Planning Committee
      Biennial Budget Priorities 49

CONSENT ITEMS
   Budget and Finance Committee
      OSU Parking Lot Easement 50
      OSU Budgeted Operations — E&G Funds Summary Report Through
      March 31, 2002 50
      UO Many Nations Longhouse Project - Expenditure Limitation 51

OTHER COMMITTEE REPORTS
   System Strategic Planning Committee 51
CALL TO ORDER

The meeting of the State Board of Higher Education was called to order at 12:00 noon by President VanLuvanee.

ROLL CALL

On roll call, the following Board members answered present:

- Mr. Kerry Barnett
- Mr. Roger Bassett
- Ms. Leslie Lehmann
- Mr. Jim Lussier
- Dr. Geri Richmond
- Ms. Erin Watari
- Mr. Bill Williams
- Ms. Phyllis Wustenberg
- Mr. Tim Young
- Mr. Bill Williams

Absent: Mr. Tom Imeson (business conflict)

APPROVAL OF MINUTES

The Board dispensed with the reading of the April 19, 2002, Board meeting minutes and the May 17, 2002, special Board meeting minutes. Mr. Lussier moved and Ms. Lehmann seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Lehmann, Lussier, Richmond, Watari, Williams, Wustenberg, Young and VanLuvanee. Those voting no: none.

PRESIDENT’S REPORT

President VanLuvanee announced that the December 2003 and December 2004 Board meeting dates may need to be changed due to scheduling conflicts.

Reappointment of Director Richmond

Director VanLuvanee congratulated Geri Richmond on her reappointment to the Board for another two-year term beginning in July. He stated that, since her initial appointment to the Board in 1999 to an unexpired term, Geri has made tremendous contributions to the Board. Her perspectives as a faculty member and prominent research scientist have been of enormous value.
Governor Kitzhaber also has nominated a new student member, Ian Ruder, a junior at Portland State University. Mr. Ruder is a 1998 graduate of the Oregon Episcopal School and has been active on campus as a PSU student ambassador. Mr. Ruder will succeed Tim Young on the Board upon Senate confirmation.

Reviewing the events of the past month, Director VanLuvanee complemented the campuses on their commencement ceremonies. He stated that Directors Bassett, Richmond, Barnett and Wustenberg successfully concluded a search for a new president at Western Oregon University. He praised Director Bassett for his leadership of the Search Committee. He thanked Penelope Repko, Lynda Rose and Diane Vines for their work staffing the search. He announced the appointment of Philip Conn, formerly of the University of Tennessee System, as the next president of WOU.

Director VanLuvanee announced the opening of SOU’s new Biotechnology Center. The grand opening was held June 4, establishing the new center in the SOU School of Science. He stated that SOU received a $160,000 National Science Foundation grant that has helped to equip the new facility with a state of the art DNA sequencer. He announced that PSU has opened its newly renovated and expanded Integrated Circuits Design and Test Laboratory, which contains more than $2.5 million in equipment that is of interest to the region’s semiconductor industry. The project has received major contributions by Credence Systems Corporation and Electroglas, Inc. He also congratulated WOU professor Donna Perry, who has been selected to receive a post-doctoral fellowship at Yale University.

Director VanLuvanee acknowledged the Board's reception with Portland business leaders for Chancellor-designate Richard Jarvis and the dinner honoring Director Tim Young, departing WOU President Betty Youngblood, and retiring Chancellor Joe Cox. He wished them the best in their future experiences.

To more formally acknowledge the Board's gratitude to the Chancellor for his many years of extraordinary service to the students, Director VanLuvanee offered the following resolution for action by the Board:

- WHEREAS, Joseph W. Cox has served with dignity and distinction as the 10th Chancellor of the Oregon University System since May 1994; and
Distinguished Public Service Professor

• WHEREAS, Chancellor Cox has provided innovative and distinguished leadership in higher education for seven public universities of the State of Oregon; and

• WHEREAS, Chancellor Cox has worked tirelessly to expand access to higher education for all Oregonians – particularly people in underserved areas and people with richly diverse characteristics – by helping to create unique centers, branches, partnerships and alliances with community and independent colleges, and by encouraging new models of educational delivery in collaboration with schools, industries and all levels of governments; and

• WHEREAS, Chancellor Cox has successfully led public policy efforts to build and maintain high quality throughout the instruction, research and public service programs of the Oregon University System despite burgeoning growth within the System and countless fiscal obstacles; and

• WHEREAS, Chancellor Cox led the Oregon University System to national prominence in performance-based accountability, promoting high levels of effectiveness and efficiency in the services that support all of its academic and financial functions; and

• WHEREAS, Chancellor Cox, in all of his dealings with students, parents, citizens, faculty, staff, government officials, administrative colleagues, and friends of the public higher education in Oregon, has provided respect, civility, courtesy, wise counsel, and continuing friendship.

• NOW, THEREFORE, BE IT RESOLVED, that the Oregon State Board of Higher Education confers upon Joseph W. Cox the title of Chancellor Emeritus and the rank of Distinguished Public Service Professor and bestows upon him all the rights, accommodations and privileges accorded therein, and publicly expresses herein its gratitude for his long and distinguished service to the Oregon University System and the citizens of Oregon.

Mr. VanLuvanee moved and Mr. Williams seconded the motion to approve the resolution as stated. The following voted in favor: Directors Bassett, Barnett, Lehmann, Lussier, Richmond,
VanLuvanee, Watari, Williams, Wustenberg and Young. Those voting no: none.

CHANCELLOR’S REPORT

New Vice President of Student Affairs, OIT

Chancellor Cox congratulated George Pernsteiner on his leadership position at the University of California, Santa Barbara. He invited President Dow to introduce her new Vice President for Student Affairs. President Dow stated that Doug Yates, Vice President of Finance Administration and Provost George Kartsounes are retiring and Sheldon Nord, Vice President of Student Affairs has accepted another position. She introduced Joe Holliday, the new Vice President of Student Affairs. She stated that he has worked at OIT for nine years as the director of Career Services and, most recently, as director of The Center for Teaching and Learning.

Liberal Arts Conference in Ashland

Chancellor Cox announced that SOU, in conjunction with OIT and Rogue Community College, will be participating as one of eleven sites nationally in a statewide conversation on the value and importance of the liberal arts. The event will take place in Ashland around the time of the October Board meeting there and he encouraged everyone to attend.

SOU Commencement

Chancellor Cox described the SOU commencement and stated that Mark Hatfield made an outstanding speech, receiving a standing ovation from the students. He also expressed the importance of some of the smaller commencements, especially for place-bound adults.

REPORT FROM IFS PRESIDENT

IFS president Elaine Deutschman commended those students who work hard to achieve an education in the face of great difficulties. Many are single parents, working 20 or more hours a week because financial aid doesn’t cover both the cost of education and living expenses as well. They are volunteers at their church or with on-campus organizations contributing to their community while continuing to succeed in their education.

At the most recent IFS meeting held in LaGrande, Ms. Deutschman stated that several senators characterized their campuses as having low morale. Normally buoyant faculty and staff are demoralized and exhausted by the constant battles to secure the revenues needed to provide quality programs. They are frustrated by the time and effort being expended in deciding how to best make the required cuts - time and effort taken away from the central mission of education. The numbers of staff and faculty leaving several of the institutions seems abnormally high. Many choose to retire rather than continue to
scramble for limited resources. Faculty positions go unfilled because salaries are not competitive, existing faculty are "volunteering" for more courses, course offerings are being reduced and class sizes increased.

Ms. Deutschman stated that President Creighton, in his welcoming remarks to the IFS, reiterated many of the same ideas that have been discussed by the Board:
- faculty, the Board, and the presidents should work as a team to move the system forward
- OUS must develop a single effective message to convince Oregonians of the importance of public post-secondary education
- faculty have to be leaders in determining what OUS should be
- money buys good faculty which the system needs
- higher education must work to keep Oregon's best students
- K-12 and higher education boundaries should be blurred to some extent for the good of both

Ms. Deutschman stated that students understand that tuition must rise but their concern is that it not rise dramatically, as this would adversely affect enrollment. There were students who said if tuition increased too much, they would have to drop out of school, at least temporarily. When asked what "quality" meant to them in terms of their education, some students responded that program diversity and more options were marks of quality for them, stating that they often couldn't get the necessary or desired courses to complete their programs when they needed them.

Other issues discussed at the meeting at EOU were: the declining importance placed on higher education by the state; the desire of faculty to have more voice in how revenue cuts are apportioned; and insecurity among younger faculty regarding long-term commitments about salary and working conditions that go beyond the present administration.

Ms. Deutschman explained that the union-organizing committee at EOU has gathered enough signatures from both full and part-time faculty to request an election be held on campus to decide whether the American Federation of Teachers would be the faculty's bargaining unit. She added that there is also discussion of forming a union at OIT where the primary motivation is the loss of cashback and the impact that has on some salaries. But the privatization effort and
the loss of a promised 2% salary increase in January have contributed to the union consideration as well.

Ms. Deutschman stated that, at the business meeting, senators focused on enrollment growth and decentralization. Concern was expressed regarding whether there are any overriding principles guiding enrollment growth for the system as a whole and for the individual institutions. There was also confusion about just what impacts enrollment growth has on which aspects of the budget. As regards decentralization, senators are uncertain just what this term comprises. She said conjectures included individual institutions setting their own tuition rates, their own calendars, investing their own funds, hiring their own attorneys, developing their own legislative agendas, and appointing their own institutional boards. She stressed that IFS needs more information to better understand both these important topics. IFS plans to take these up at future meetings and will call on Board members and Chancellor's staff to help them understand these issues.

The IFS will next convene in October in a meeting hosted by OIT but held in Bend as a way of learning more about the Cascades Campus. Chancellor-designate Jarvis has agreed to join the meeting and representatives from COCC and the community will also attend.

REPORT FROM OSA PRESIDENT

Danielle McNeill, the summer Board chair for the Oregon Student Association and student body president at SOU, introduced herself to the Board. She referred to the special session in February when the Legislature cut the Oregon University System budget by $43.5 million in response to the $845 million state shortfall that Oregon faced. She noted that students of higher education have faced these kinds of challenges before, but cuts have often meant impeding access. She stated that preserving access to higher education has always been a fundamental principle of the OSA and will be its first priority when preparing for possible additional cuts to the OUS budget this special session. She stated that, as a general rule, for every $100 tuition increases, about 1 percent of the student body is no longer able to attend. She stated that, during the 2001 legislative session, tuition was increased 4 percent for the 2001-02 academic year and 3 percent for 2002-03. The proposed cut of $11.5 million in the House’s budget plan is likely to be offset by another tuition increase that could be as high as an additional 3.8 percent as stated by the Legislative Revenue Office. This would increase tuition for Oregon’s public four-year universities by a total of 10.8 percent in the 2001-2003 biennium.
Ms. McNeill argued that another barrier to access occurs as universities, seeking avenues to best serve their growing student populations, change admissions requirements by raising GPA and test score standards. This unfairly inhibits access to college, especially for young people who have had fewer opportunities in elementary and secondary education. Another barrier to access is imposing enrollment caps. She stated that, with community colleges already bursting at the seams, there won’t be anywhere for these students to go unless they leave the state. She stated that the surest way to preserve access is to protect the funding model as the first priority for higher education. She said that protecting the cell values from further deterioration and ensuring greater access to a higher education will be OSA’s priorities through the third special session.

Ms. McNeill stated that OSA was awarded a $75,000 grant from the Youth Vote Coalition, the nation’s largest non-partisan coalition, to increase the political involvement of 50 million Americans, 18-30 years old. This funding will support OSA efforts to engage young voters in the 2002 election. She stated that last year 27,296 students and youth registered to vote in Oregon as the result of a campaign led by the OSA, with all the student-heavy precincts in Oregon turning out at or above the county turn out average. She said that throughout the 2002 election cycle, students statewide will be out in force registering Oregonians to vote. Students plan to register over 20,000 voters and get their ballots in by November 5. In addition, the OSA will work to ensure that students have access to the electoral process in Oregon.

Ms. McNeill stated that, in the coming months, students and faculty hope to meet with legislative candidates to discuss the issues facing students in Oregon. In addition, OSA has invited Gubernatorial Candidates Kevin Mannix and Ted Kulongoski as well as Senator Gordon Smith and Secretary of State Bill Bradbury to participate in youth debates this fall.

EXECUTIVE COMMITTEE APPOINTMENTS, 2002-03

Nominating Committee Recommendation to the Board:

Ms. Wustenberg stated that the Nominating Committee recommended Jim Lussier as President and Leslie Lehmann as Vice President. President-elect Lussier has appointed Don VanLuvanee and Bill Williams as co-chairs for the Budget and Finance Committee and Roger Bassett as chair for the System Strategic Planning Committee. Phyllis Wustenberg will continue to serve on the Executive Committee, therefore, the Executive Committee will consist

Board Discussion and Action:

Ms. Wustenberg moved and Mr. Young seconded the motion to accept the recommendation of the Nominating Committee for 2002-03. The following voted in favor: Directors Barnett, Bassett, Lehmann, Lussier, Richmond, Watari, Williams, Wustenberg, Young and VanLuvanee. Those voting no: none.

PURCHASE OF PROPERTY - IONE PLAZA (PSU)

Staff Recommendation to the Executive Committee:

Staff recommended that the Executive Committee approve, on behalf of the Board, authorization for PSU to proceed with the purchase of an apartment/retail facility (a.k.a. Ione Plaza), located at 1717 S.W. Park Avenue in Portland, Oregon, and to present this project at the June 27-28, 2002 Emergency Board meeting in order to obtain Legislative approval, and authorization for the bond funding necessary to complete this purchase.

Executive Committee Recommendation to the Board:

Mr. Lussier reported that the Executive Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action:

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

FCC LICENSING: POLICY AND PROCEDURE

Staff Recommendation to the Budget and Finance Committee:

Staff recommended that the Board approve a new policy and the underlying procedures for the administration of FCC licenses operated within OUS and once approved, the Chancellor’s Office will begin processing the delegation of FCC licenses to the institutions.
Budget and Finance Committee Recommendation to the Board:

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

Board Discussion and Action:

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

Nonresident and Graduate Tuition Rate Adjustments 2002-03

Mr. Williams explained that the Nonresident and Graduate Tuition Rate Adjustments is in response to Senate Bill 5524. He said that OUS and each affected university must report to the Emergency Board tuition increases in 2002-2003, which exceed the legislatively approved 3%. There were five institutions that requested increases for non-residents and graduates of up to 5%, which is beyond the 3% rate already in the approved budget.

Staff Recommendation to the Budget and Finance Committee:

Staff recommended that the Board approve the tuition report for submission to the Emergency Board to include the flexibility for universities to increase nonresident and graduate tuition up to 5 percent beyond approved levels.

Budget and Finance Committee Recommendation to the Board:

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

Board Discussion and Action:

Mr. Williams moved and Mr. Lussier seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Bassett, Barnett, Lehmann, Lussier, Richmond, VanLuvanee, Watari, Williams, Wustenberg and Young. Those voting no: none.
BIENNIAL BUDGET PRIORITIES

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

Staff recommended that the Board approve the proposed biennial budget priorities for 2003-2005.

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

Mr. Williams reported that the Joint Budget and Finance/System Strategic Planning Committees approved the staff recommendation, amended to include expense management for efficiencies in the financial recap and also to include non-state funding in the priorities listing as a source of revenue, and recommended Board approval.

Board Discussion and Action:

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

OSU PARKING LOT EASEMENT

Staff Recommendation to the Budget and Finance Committee:

Staff recommended that the Board approve a parking easement to be granted to Corvallis Hospitality, LLC.

Budget and Finance Committee Recommendation to the Board:

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

Board Discussion and Action:

Mr. Williams moved and Ms. Wustenberg seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Bassett, Barnett, Lehmann, Lussier, Richmond, VanLuvanee, Watari, Williams, Wustenberg and Young. Those voting no: none.
OSU BUDGETED OPERATIONS — E&G FUNDS SUMMARY REPORT THROUGH MARCH 31, 2002

Staff Recommendation to the Budget and Finance Committee:
Staff recommended that the Board accept the OSU budgeted operations — E&G Funds summary report through March 31, 2002.

Budget and Finance Committee Recommendation to the Board:
Mr. Williams reported that the Budget and Finance Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action:
Mr. Williams moved and Ms. Wustenberg seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Bassett, Barnett, Lehmann, Lussier, Richmond, VanLuvanee, Watari, Williams, Wustenberg and Young. Those voting no: none.

UO MANY NATIONS LONGHOUSE PROJECT - EXPENDITURE LIMITATION

Staff Recommendation to the Budget and Finance Committee:
Staff recommended that the Board approve the request to seek the establishment of a $350,000 expenditure limitation of Article XI-F(1) bonds, from the State Legislative Emergency Board, to replace an equal amount of Gift Funds for the construction of the University of Oregon’s Many Nation’s Longhouse building.

Budget and Finance Committee Recommendation to the Board:
Mr. Williams reported that the Budget and Finance Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action:
Mr. Williams moved and Ms. Wustenberg seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Bassett, Barnett, Lehmann, Lussier, Richmond, VanLuvanee, Watari, Williams, Wustenberg and Young. Those voting no: none.
Ms. Lehmann briefly discussed the progress in the strategic planning process. She stated that there have been two productive work sessions and documents are being prepared that summarize the information from those sessions and will prepare the Board for productive discussion at the renewal. She stated that the renewal date has been set for July 18 and encouraged all presidents and Board members to attend and participate. The all-day renewal will be held in Portland and participants should plan to stay into the evening as well.

Mr. Lussier provided a summary of some of the points that the various Chancellor candidates made to the Board during their interviews. He noted that they are not being proposed as policy change, but are being presented as salient points that seemed to surface repeatedly.

Mr. Lussier stated that the Joint Boards is looking at work force issues, especially in health related areas and, more specifically, in nursing. He said that Vice Chancellor Vines will be meeting with the Oregon Association of Hospitals and some other groups to bring back some information specifically with reference to those work force issues. Joint Boards is also trying to address how the relationships with K through 12, as well as community colleges, might be modified to better embellish the goals of Board as well as the State Board of Education.

OHSU Provost Lesley Hallick thanked Director Young and Vice Chancellor Vines for participating in the OHSU graduation. She stated that the OHSU board approved the budget for FY 2003. Although this is the largest budget ever, it incorporates a 17% cut in the state funding, which affects support for education and uncompensated care. She explained that they have tried to protect the nursing production around the state. While they did convert the Klamath Falls program to a distance delivery program from SOU, there is no plan to make further changes on the regional campuses. She stated that the Oregon Opportunity Bond Measure passed, along with Measure 10. The result is the state will spend the same amount of money but issue the bonds as general obligation bonds rather than revenue bonds, which will provide funding to support capital investment and research infrastructure.

Dr. Hallick stated that the City Council meets next week in Portland to consider for the first time the Markham Hill district plan, which involves a 30-year vision for the campus.
Ms. Lehmann stated that the program continues to gather momentum. The plan now has assets of about $61 million with 16,000 separate accounts. The venues for marketing the program continue to expand and the distribution system has expanded nationally.

Mr. VanLuvanee stated that there are no new developments with the Oregon Council on Knowledge and Economic Development.

Ms. Wustenberg stated that the Investment Committee met yesterday and reviewed investment performance reports through March 31, 2002. The Committee received an update from the small mid-cap domestic equity manager, discussed the options for streamlining the process for managing OUS investments, and approved recommended changes to the IMDs relating to investment management which will be before the full Board at the July meeting.

The following people spoke during the public input session:

Bob Willner--Oregon International Council

Mr. Willner, Executive Director of the Oregon International Council, addressed the issues surrounding the changes made to the Proficiency-based Admission Standard System (PASS) recently. He urged that there be a full public review of the changes being made, due to their great importance as a mandatory educational standard in Oregon. He also stated his hope that the Board and community not back away from the standards in this time of financial difficulty.

M.L. “Dee” Young–Confederation in Oregon for Language Teaching

M.L. “Dee” Young, past president of the Confederation in Oregon for Language Teaching, reiterated Mr. Willner’s comments on the value of PASS, especially in the language area, as a way to set standards in Oregon schools. Ms. Young expressed concern over the recent change to college admissions that designated PASS a “value added system” used for scholarships, etc. but not for basic admission. She urged that PASS be modified as needed but not abandoned entirely.

President Bernstine announced that Jay Kenton has been appointed to fill George Pernsteiner’s position as the new Vice President for Finance and Administration.
Ron Bolstad, Vice President for Administration and Finance at SOU, thanked Ms. Watari for representing the Board at the SOU commencement. He also thanked Chancellor Cox for attending the commencement and for his many years of service to SOU and OUS.

**ITEMS FROM BOARD MEMBERS**

Mr. Williams thanked Mr. Young for his service and said he appreciated his contributions to the Board. He also thanked Chancellor Cox for his service and contributions and his grace during a turbulent decade.

Ms. Watari cautioned the Board in talking about market value, tuition, education and how they relate and to be careful of what the implications are beyond the rewards. She thanked Mr. Young and Chancellor Cox for all their good work.

Mr. Lussier thanked President Bernstine for hosting him at PSU’s commencement and stated that Miss America did an eloquent job in addressing the graduating class. He stated that he met briefly with the AOI Board in Portland and expressed hope that the Board can continue to connect with other boards and keep the avenues of communication open. He thanked President VanLuvanee for his great work as Board president.

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

The delegation of authority was not read due to a fire alarm that sounded at 1:05 p.m.

**ADJOURNMENT**

Mr. Lussier motioned and Mr. Young seconded the motion to adjourn. The Board meeting adjourned at 1:05 p.m.

Diane Vines  
Secretary of the Board

Don VanLuvanee  
President of the Board