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CALL TO ORDER

The meeting of the State Board of Higher Education was called to order at 12:45 p.m. by President Lussier.

ROLL CALL

On roll call, the following Board members answered present:

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

Absent: Mr. Bill Williams (business conflict)

APPROVAL OF MINUTES

The Board dispensed with the reading of the June 6, 2002, special Board meeting and June 21, 2002, Board meeting minutes. Mr. VanLuvanee moved and Mr. Imeson seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

PRESIDENT’S REPORT

In planning his president’s report, Mr Lussier indicated he wanted to continue the practice of his predecessor, Director VanLuvanee, in acknowledging, each month, various personal and institutional accomplishments at the universities. “I think it’s important to bring these accomplishments to the Board’s attention and to recognize some of the extraordinary work being done by our students, faculty, and staff throughout the Oregon University System,” President Lussier added.

President Dow

President Lussier recognized an award given recently to OIT President Martha Anne Dow. Earlier this spring, President Dow was honored by the Favell Museum of Western Art and Artifacts for her
outstanding community service to the Klamath Falls community and region. She received the Museum's 2002 Western Heritage Award. “To that award,” President Lussier said, “we add our congratulations for the work she has done, not only in the Klamath Basin, but also in the Portland area, and certainly in Central Oregon. Congratulations President Dow.”

OIT Provost

Mr. Lussier called on President Dow to introduce Dr. Howard Thurston, the new provost at OIT. Dr. Thurston is the former dean of Engineering Technology and Management at OIT and the director of the Oregon Renewable Energy Center.

WOU President

WOU’s new president, Dr. Philip Conn, was welcomed to Oregon and to the Board of Higher Education. It was observed that this was his first official Board meeting since assuming the presidency.

PSU Award

The Board’s attention was called to a team award earned by engineering students at Portland State University. Under the direction of faculty advisor Professor Robert Bertini, a team of eight PSU students recently earned first place in a bridge building competition involving more than 1,000 civil engineering students from throughout North America, Japan and Turkey.

The PSU students earned their way to the national competition by winning a regional competition. By raising their own funds, they were able to travel to the national event in Madison, Wisconsin, where their design placed first in the bridge aesthetics competition and was the talk of the conference. The members of the PSU team included Shane Empey, Jason Clark, Dirk Frailey, Aaron Health, Andree Olsen, Melissa O’Meara, Laurie Rice, and Rob Van Dyke. President Bernstine was asked to convey the Board’s congratulations to all of the team members.

UO General Counsel

Mr. Lussier acknowledged an honor bestowed to a former member of the Chancellor’s staff who now serves as the general counsel to President Dave Frohnmayer at the University of Oregon. Melinda Grier was recently named second vice president of the National Association of College and University Attorneys. That organization represents all of the college and university attorneys in the country and plays a critical role in disseminating information and in providing counseling for institutions on changes in federal and state law. “Ms. Grier’s selection demonstrates the high regard held by her colleagues throughout the country for her work – something this Board has been
aware of for a long time,” Mr. Lussier observed, “She will serve three years in the vice presidential capacity and then become president of the Association. The Board extends its congratulations to her, and to the University of Oregon, for her selection.”

Bob Bruce

President Lussier acknowledged that this was the last Board meeting for Bob Bruce, Assistant to the Vice Chancellor for Communications. Mr. Bruce has assumed a new position as Vice President of Advancement for the University of Nevada in Reno. The Board joined in wishing him well in his new position.

REPORT FROM IFS PRESIDENT

There was no report from the IFS President.

REPORT FROM OSA PRESIDENT

Bridget Burns introduced herself as the interim vice chair for the Oregon Student Association, president of the Associated Students of Oregon State University, but, as she noted, “most importantly, a student on the brink of being unable to afford to continue my college education.”

Continuing, Ms. Burns submitted the following report:

“I come to you today with great appreciation for the task ahead of you during your term on the OUS Board, as the decisions you make will determine the fate of myself and many other Oregonians. Preserving access to higher education has always been a fundamental principle of the Oregon Student Association. In a letter sent to the State Board of Higher Education, students asked the Board to incorporate four major components into the long term and future design of higher education systems, the coming academic year, and the legislative session. They included the preservation of the System level approach to higher education in Oregon; protecting affordable tuition and fees; support for need-based aid in Oregon; and prioritization of access to undergraduate instruction in the Oregon University System, as a single funding recommendation for the 2003 legislative session.

“The Oregon Student Association firmly believes that the current System level approach to post-secondary education provides for the necessary accountability to insure that affordable access to high-quality post-secondary education for all Oregonians is provided. The transfer of authority by the State Board of Higher Education to the individual institutions weakens the ability of the System to provide a
comprehensive policy that ensures the mission of the Oregon University System. In addition, the delegation of these tasks to the individual institutions leads to the gradual erosion of the power that OUS wields in the Capitol as the single representation of our public universities. More specifically, while students respect the difficult climate that we are facing within the higher education community, especially institutional presidents, and agree with many members of the Board that change is needed within the current System, we believe and agree with Director Imeson and Director Barnett that the role of setting tuition and fees should remain at the System level. Efforts to decentralize this particular component are equated with the freedom to raise tuition without an overall framework to guide and evaluate tuition policy. This greatly concerns students like myself who rely on the Board to provide a necessary parameter on tuition and fees that will ensure that the mission of the System to provide access to quality education will be preserved.

“We must be mindful that the increasing costs of higher education in this state is amazing. As we are well aware, tuition rates at our public universities have skyrocketed in the past decade. How effective is it to strive for excellence and programs and new initiatives if students cannot afford the price of participating in them? Cost is clearly the largest access barrier. The best way to help low-income students like myself in the Oregon University System is to make affordable tuition and need-based aid the utmost priority. It is the firm belief of OSA that further tuition increases and fee increases will continue to push students like myself out of the higher education system without the hope of ever returning.

“OSA also strongly opposes any effort to limit enrollment or narrow general admission requirements as this has an equally harmful effect on access for Oregon students. Though the legislature was able to successfully protect undergraduate resident tuition during this last third special session, tuition increases above the 3 percent level for 2002-2003 will be implemented for graduate professional and non-resident undergraduate students. It’s important to keep in mind that students in these classifications bring a diversity of experience and background to campuses. In addition, graduate and professional students serve a key role in research and development for undergraduate education through graduate teaching and research assistantships.
“Students agree with President Lussier that we must find innovative solutions during this budget climate that will place our tuition and fee trends in line with the Board’s mission to ensure access for all students, regardless of classification, seeking a degree. The students of Oregon are excited at the prospect, supported by President Lussier and others, of developing key partnerships within the education community. Specifically, between the Oregon University System and the Oregon Student Assistance Commission to maximize access to post-secondary education in Oregon. One of the best ways to ensure access to higher education for Oregon’s most important students is to support full funding of the Oregon Opportunity Grant, Oregon’s only need-based aid program. The Oregon Opportunity Grant provides a vital service to over 8,000 OUS students and keeps some of the state’s most vulnerable students in college, moving them away from state assistance to financial independence.

“Need-based aid is, by far, the most important form of financial aid as it attempts to level the playing field for students that haven’t had the social or financial opportunities of others and ensures true access to higher education for all. Additionally, the suggested notion of increasing the price of tuition in pursuit of subsidizing financial assistance programs would be a poor choice for Oregon’s future. The recommendation to make students pay for their own financial aid programs would be a misguided step away from access to education, as well as a short term mask for the problem that we need to solve for the state of Oregon to make a unified investment in education.

“As we enter a tight fiscal environment in the 2003 legislative session, students hope to become an active part of President Lussier’s and the Board’s effort to stimulate the higher education community in the future design of post-secondary education in Oregon. Specifically, as the Board moves forward with the System Strategic Planning process, the Oregon Student Association strongly urges the Board to include members of the OSA Board as student representatives in the newly formed working group. The creation of vital partnerships among the major constituents of higher education will be essential in navigating the budgetary climate that is to come. As many of you know, during the 1999 legislative session students and higher education advocates sent one message to the legislature. As a result, the legislature responded to the unified message with the largest single increase in state support for post-secondary education in Oregon. As we face the possibility of a severe budgetary crisis in the 2003 legislative session, and possibly seek to double our funding in the coming five years, we
again have the opportunity to bring our perspective to the table and develop a single message for the 2003 legislative session that is grounded in our overall mission for post-secondary education. By supporting a unified message, students and higher education advocates can take the first step towards responding to both the challenges and opportunities that OUS faces.

“I spoke with President Lussier a few days ago and he encouraged OSA’s full participation in making a decision that best serves Oregon’s students. We urge the State Board of Higher Education to take this first step and incorporate the student perspective, outlined today and in the letter that we sent previously to the Board, into the ongoing discussion of the future of the Oregon University System and the 2003 legislative agenda.

“I’m pleased and encouraged that you will work with the OSA to develop a student perspective on your committees. As I said earlier, I do have great appreciation for the tasks ahead of you in the coming year. I urge you to be courageous on behalf of students, be mindful that we have great faith in you and understand that decisions you make will determine the fate of myself and many other Oregonians. Thank you for the opportunity to speak today. We look forward to working in solidarity with you in the coming year.”

Director Lussier thanked Ms. Burns and indicated that a group from the OSA Board had traveled to Bend to meet with him and he commended them on the effective way in which they had presented the students’ concerns and priorities.

The document entitled Academic Year Fee Book, dated July 19, 2002 [July 20, 2001] is hereby amended by reference as a permanent rule. All prior adoptions of academic year fee documents are hereby repealed except as to rights and obligations previously acquired or incurred thereunder.

Through the amendment, the Board adopts the document entitled Academic Year Fee Book, memos of attachment amending the draft document, and other amendments and attached schedules noted in the agenda item.

Vice Chancellor Anderes reminded the Board that there had been previous discussions regarding the approval of the Academic Year Fee Book, but indicated that there had been a number of increases
related to tuition, all of which were approved, with the exception of WOU and PSU. He explained that the actions the Board needed to take at the present meeting related to the three percent increases that were already in place and the allowable increases beyond that related to the legislative actions. “In conjunction with various fees,” Vice Chancellor Anderes added, “there were various fee increases by each of the institutions. The composite increases ranged from zero to seven or eight and one-half percent in terms of the composite of fees and tuition.”

Staff Recommendation to the Budget and Finance Committee

Director VanLuvanee reported that staff recommended that the Board amend OAR 580-040-0040 by reference as a permanent rule the document entitled Academic Year Fee Book, memos of attachment amending the draft document, and other amendments and attached schedules noted.

Budget and Finance Committee Recommendation to the Board

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

Board Discussion and Action

Director VanLuvanee moved and Director Bassett seconded the motion to approve the recommendation as submitted.

Director Watari indicated that she had some problems with the fee book, in particular, the energy fee and what appears to be “the invention of new fees to fund some things that I feel the General Fund and tuition should cover.” Continuing, she added that she questioned the accountability, the process, and the implications of increases for students. Director Watari recalled that, when she was at SOU, she was the vice chair of the Student Fee Committee and when they went to the state legislators and advocated for the student fee and its protection they spoke with one voice. Continuing, she added that “with the protection of the three percent tuition increase, I think that we really need to look at the fee increases. In the long term, I’m afraid that I could see fees subsidizing tuition and I don’t think, when students attend school in the Fall, they will necessarily realize what they had signed up to pay for.”
Director Young echoed some of Ms. Watari’s comments, indicating he shared a concern with some of the processes used to develop the fees. Mr. Young indicated that his “vote was going to be a vote reflecting on the entire aggregate situation, where our presidents are trying to keep their enterprises alive and prospering with diminishing state support and a cap on how much the legislature will let us raise tuition. They turn to fees. It’s difficult, it’s taxing the students sometimes out of school, and I cannot support this fee book as proposed.”

Director Bassett asked Vice Chancellor Anderes how student input was gathered in preparation of the fee book and whether students’ opinions are generally solicited. In addition, Mr. Bassett wanted to know if this is the only opportunity for Board members to review the Fee Book.

Vice Chancellor Anderes answered that what generally occurs on each campus when they are considering raising tuition or fees, would be connecting with their student leadership in advance. He indicated that he thought each institution had a process that they routinely use and observed that there would not be consensus in all cases. Continuing, Dr. Anderes underscored that it had been slightly different this time since the System has been dealing with issues related to decisions made by the legislature on an almost two to three month basis and in each of those decisions, there have been further reductions in terms of General Fund. “I think the tradeoff has always been: do you not provide access, do you not provide certain services, or do you try, through some fashion, to provide those services,” he concluded.

Continuing the discussion, Ms. Watari indicated that she didn’t feel that the Board has any power or regulation over these fees and that there really is no accountability in some of these processes. She indicated that she understood the health and dental fees but had concerns about things like the energy and registration fees. As an example, Director Watari said, relative to the energy fee, that she didn’t see a process for input from students. In addition, she hadn’t seen a lot of reports indicating that money was actually needed and where it went when funded.

President Frohnmayer, speculating that his institution might be implicated in Director Watari’s concerns, said that the UO has, on
multiple occasions, consulted with students with respect to the fees, including the energy fee. “Our energy costs have not gone down. We are served by a different energy provider than the other institutions. The fee is apportioned according to student use and student allocation, so that it’s not a fee that’s imposed irrespective of an actual attempt to identify who are the users and the beneficiaries. It’s something that we would rather not do but it’s a real cost, it’s an increase in cost, and this is one reasonably fair way to apportion it, given the usage of the campus and its auxiliaries,” President Frohnmayer added.

Ms Watari questioned why the fee is not added into the tuition; why is it separate?

President Frohnmayer explained that the fee is not tuition. “Campuses, through the Board, have the authority to impose fees separately from tuition. It is a fee that can be adjusted on a term-by-term basis and we have made that commitment to our student body that, should the energy costs go down or student conservation efforts, which are quite robust, improve the utilization and reduce energy costs, then we would also reduce the fee. So tuition, once set, would effectively operate through the entire calendar year. This fee will work on a term-by-term basis. It is, by its very nature, hopefully, temporary.”

Apologizing for what might appear to be a one-on-one dialogue, Director Watari asked President Frohnmayer what process was used in consulting and whether it was in writing or just the Presidents’ word? She remained a little unclear as to why some institutions were able to handle the increased cost of energy and the UO was not.

In responding, President Frohnmayer indicated that he could not speak for how other institutions have handled the increased cost of energy, other than to absorb it in the costs of the institution and to further narrow the margin on which they operate. “We do not mint money at the University of Oregon or any of the State System institutions. It’s a real cost, it’s an increased real cost for all of the institutions which must be paid for one way or the other. We have routinely discussed this with students and have made a commitment to discuss it on a term-by-term basis and we have kept that commitment.”

Vice Chancellor Anderes noted that there are a number of the fees that are isolated to specific classes and to specific courses. There are
general resource fees that are universal, but many of the fees that the Board sees will relate to a specific course situation where there’s a higher cost. He pointed out that for each fee there is a discussion of whether it’s a new fee or an increase of other fees and the background and reason for it. After review and discussion, some fees are removed and others are reduced.

On roll call, the following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Wustenberg, VanLuvanee. Those voting no: Directors Watari and Young.

**PRE-TAX TRANSIT PASS PLAN**

Under current federal tax laws this policy establishes a Pre-Tax Transit Pass Plan (Plan) that enables eligible employees who pay for transit passes by payroll deduction to do so on a pre-tax basis. Pre-tax deductions reduce the amount of taxable income, which reduces the amount of federal and state income taxes and FICA withholding, thus increasing the employee’s net take home pay. Tax savings vary, depending primarily on the cost of the transit pass and the employee’s effective tax rate.

Vice Chancellor Anderes pointed out that in June 2000, this pre-tax parking plan was introduced.

**Staff Recommendation to the Budget and Finance Committee**

Staff requested that the Budget and Finance Committee review and approve the pre-tax transit pass plan and refer it to the full Board for approval.

**Budget and Finance Committee Recommendation to the Board**

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

**Board Discussion and Action**

Director VanLuvanee moved and Director Young seconded the motion to approve the Pre-Tax Transit Pass Plan. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.
Southern Oregon University sought Board approval to authorize the Vice Chancellor for Finance and Administration to complete the proposed purchase of a private residence located at 1383 Oregon Street, Ashland, Oregon, from Dean and Jean Phelps. The proposed property acquisition is located within the approved campus boundary and will provide the space required for development of a student residence, as outlined in the campus master plan. The University expects to use Article XI-F(1) bond proceeds to cover the purchase price and closing costs.

**Staff Recommendation to the Budget and Finance Committee**

Staff recommended that the Board approve SOU’s request to purchase the private residence, located at 1383 Oregon Street, Ashland, Oregon, from Dean and Jean Phelps, for $334,550 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**

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

**Board Discussion and Action**

Director VanLuvanee moved and Director Young seconded the motion to approve SOU’s request to purchase the private residence as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

Southern Oregon University requested an exception to OAR 580-50-0025 pertaining to the naming of buildings for a living person. This exception is requested in order to permit the University to rename the “Siskiyou Center” the “Joseph and Regina Cox Hall.” The OAR provides that an exception may be made for “unusually meritorious reasons.”
Staff Recommendation to the Budget and Finance Committee

Staff recommended that the “Siskiyou Center” facility be named the “Joseph and Regina Cox Hall” in recognition of the Coxes’ unusually meritorious contributions to Southern Oregon University.

Budget and Finance Committee Recommendation to the Board

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

Board Discussion and Action

Vice Chancellor Anderes reported that the Budget and Finance Committee had received an excellent presentation from Dr. Zinser and Ron Bolstad regarding the background of this request, which is based on the value that Dr. Cox and Regina Cox had brought to the campus, both when they served there and as they continued that relationship during Dr. Cox’s years as Chancellor. “This is quite an honor for Dr. and Mrs. Cox,” Dr. Anderes indicated.

Vice Chancellor Anderes called on President Zinser to comment further. She indicated that it was an enormous honor to the University to be able to recognize them in this way. “It’s especially so because the facility that is being named for them, and in their honor, is a facility that contains programs that Joe and Regina had a great deal to do with while they were there. It serves youth and people of all ages but, especially, three major programs that are expanding services to seniors in our society and advancing their education throughout their lives,” President Zinser added.

Director Wustenberg asked when the renaming would occur to which Dr. Zinser indicated that the naming would occur as soon as the Board approved it. “Then we are expanding the facility significantly and the dedication of that expansion will occur some time in the fall. That’s when we will make a public display of both the naming as well as the value of the expanded facility,” she concluded.
Director VanLuvanee moved and Director Young seconded the motion to approve the name change as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

Staff Fee Privileges

580-022-0030 Employees of the Department of Higher Education may register for class work at special rates, subject to the following conditions:

(1) Graduate teaching and research assistants may register for credit hours during any term of their appointment and during an intervening summer term under the terms and conditions approved by the Board and described in the Academic Year Fee Book. Graduate assistants are students admitted to a graduate degree program and appointed to an assistantship while working toward a graduate degree. Appointment as an assistant may not be for less than .15 FTE for the term of appointment. Institutions may establish minimum and maximum numbers of credit hours for which graduate assistants may register, provided that the president's approval is required prior to registering for credit hours in excess of 16 in any one term.

(2) On approval of the president or designee, employees appointed at half-time or more (not including temporary classified employees, graduate assistants, and other student employees) may register for a maximum of twelve hours of credit per term at the staff fee rate under the terms and conditions approved by the Board and described in the Academic Year Fee Book. Employees in Centralized Activities must have approval of the Chancellor or designee before registering for credit at the staff fee rate. This policy is effective fall term 2002. The Board of Higher Education will review subsequent to fall 2004.

(3) Auditor privileges are accorded to employees under the terms and conditions approved by the Board and described in the Academic Year Fee Book.

(4) For purposes of this rule, the term "employee" may include persons with full-time courtesy appointments who provide a benefit to the institution in the form of teaching, research, or counseling, under the direction of the institution and using the facilities of the institution.
Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board of Higher Education adopt as permanent rule the proposed modification of OAR 580-022-0030, Staff Fee Privileges. This rule is to be included in the Academic Year Fee Book upon concurrent adoption of the permanent rule for a two year period beginning fall 2002. Staff will prepare a report based on fall 2004 enrollment that collects information on usage, cost implications, and pertinent outcomes.

Budget and Finance Committee Recommendation to the Board

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

Board Discussion and Action

Vice Chancellor Anderes indicated that the Board had previously approved this item as a temporary rule. He indicated that this rule was increasing the capability for staff to transfer credits from ten to 12. This rule is to be reviewed every two years from this point to the year 2004 and there would be further reports as to the usage and costs of the rule.


Transfer of Staff Fee Privileges

(Approved by the Oregon State Board of Higher Education 6/16/00) 580-022-0031 Employees of the Department of Higher Education eligible for staff fee privileges (as defined in 580-022-0030) may transfer such privileges to family members or domestic partners consistent with the following terms and conditions:

(1) Persons eligible to receive a transfer of staff fee privileges must be either:
   (a) a family member, to include spouse or dependent children, in accordance with the Internal Revenue Service (IRS) code; or
   (b) a "domestic partner", as defined per Section One of the Public
Employees Benefit Board Affidavit of Domestic Partnership.

(2) Staff fee benefits:
   (a) are usable only once per academic term by either the employee or transferee;
   (b) may not be subdivided during a term;
   (c) are limited to one transfer per term; and
   (d) are limited to [ten (10)] twelve (12) academic credits per term.

(3) Employee qualification is verified through Human Resource System Records at each institution; recipient status (spousal, dependent, or domestic partner) must be established no later than the first day of classes of the term of enrollment.

(4) Recipients of transferred staff fee privileges may utilize credit at any Oregon Department of Higher Education institution, subject to policies of instructing institution. Institutions reserve the right to exclude programs from eligibility for the privilege.

(5) Mandatory enrollment fees including, but not limited to, Resource, Health Service, Building, and Incidental, will apply.

(6) Transfer of staff fee benefits is not available for retirees of the Oregon Department of Higher Education or employees of Oregon Health Science University participating in the OUS/OHSU intergovernmental agreement.

(7) This policy is effective [from] fall term 200[0]2 [through spring term 2002]. The Board of Higher Education will [determine continuation thereafter] review subsequent to fall 2004.

(8) For further reference to applicable policies and procedures, see [Academic Year Fee Book 2000-2001] “2002-2003” edition of the Academic Year Fee Book (and subsequent editions).

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board adopt as a permanent rule the proposed modification of OAR 580-022-0031, Transfer of Staff Fee Privileges to be included in the Academic Year Fee Book upon concurrent adoption of the permanent rule for a two year period beginning fall 2002.

Budget and Finance Committee Recommendation to the Board

Director VanLuvanee reported that the Budget and Finance Committee approved the staff recommendation as submitted and recommended Board approval.
Board Discussion and Action

Director VanLuvanee moved and Director Wustenberg seconded the motion to adopt as a permanent rule the proposed modification of OAR 580-022-0031, Transfer of Staff Fee Privileges as submitted. Upon roll call vote, the following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

OUS INTERINSTITUTIONAL STUDENT EXCHANGE PROGRAM

Director Bassett explained that the System Strategic Planning Committee received a recommendation from staff regarding the OUS Interinstitutional Student Exchange Program that has been in existence for a few years. The program enables students of one of the System's campuses to enroll for up to a year at another without going through the formal transfer process. This initiative has not reached a critical mass of students and staff felt a need to replace it with another alternative that would be easier and more cost effective to administer.

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Oregon University System Interinstitutional Student Exchange Program be discontinued in its pilot form. Staff further recommended that a streamlined alternative enabling interinstitutional exchange be implemented. This new method would be the assessment of the application fee for initial transfer, with a provision for waiver of the application fee back to the home campus if the return occurs within a 12-month period.

System Strategic Planning Committee Recommendation to the Board

The System Strategic Planning Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action

Director Watari asked if students' credits are guaranteed to transfer back to the university where they started. Vice Chancellor Clark responded that the answer would generally be yes. She noted, “We have excellent transfer ability among our institutions and every year 700 - 900 students transfer. So this is, relatively speaking, a non-issue. We do have some differences in general education programs. The campuses are quite different with respect to, say, general lab requirements. This is all part of campus autonomy. But they have
ways of working out equivalencies. So I am not aware of a transfer difficulty that in any way has impeded this particular program.”

In response to a question of whether or not the recommendation was to abolish the program, Director Bassett clarified that the intent was to make it easier and less expensive for students to return to the original campus, if that is their intent. Vice Chancellor Clark continued to provide clarification by noting that this program is not the regular transfer process but is a special arrangement to allow students to go temporarily to another institution and then return to their home institution. It has been very poorly subscribed – 13 students over a four year time period. She added, “it takes an apparatus and effort to keep up the special arrangements. So the campuses felt the easier way to accomplish essentially the same thing was for students to transfer and pay the $50 fee but, if they do return to their home institution, and not all students did who participated in the pilot program, then there would be a waiver of what you might call the re-application fee when they returned to the home campus if they did that within 12 months’ time.”

Mr. Bassett moved and Ms. Lehmann seconded the motion to discontinue the Interinstitutional Student Exchange Program in its pilot form and providing an alternative as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

Director Bassett reported that the System Strategic Planning Committee received a recommendation for a proposed baccalaureate degree in Outdoor Recreation Leadership & Tourism to be offered at the Oregon State University-Cascades Campus. He indicated that this program, as presented, is unique among Oregon University System programs and one that reflects what would become unique about the Cascades Campus.

**OSU- CASCADES CAMPUS, B.S., OUTDOOR RECREATION LEADERSHIP & TOURISM**

**Staff Recommendation to the System Strategic Planning Committee**

Staff recommended that the Board authorize Oregon State University to establish a program leading to a degree in Outdoor Recreation Leadership and Tourism on the Cascades Campus, effective fall 2002. The OUS Office of Academic Affairs will conduct a follow-up review in the 2007-08 academic year.
System Strategic Planning Committee Recommendation to the Board

The System Strategic Planning Committee approved the staff recommendation as submitted and recommended Board approval.

Board Discussion and Action

Director Bassett moved and Ms. Lehmann seconded the motion to authorize Oregon State University to establish the program as submitted to establish a program leading to the Outdoor Recreation Leadership and Tourism on the Cascades Campus, effective fall 2002. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

PSU HONORARY DOCTORATE

Director Bassett reported that the System Strategic Planning Committee received a request from Portland State University to award an honorary doctorate to Mr. Norman Daniels at a special event on October 4, 2002. Mr. Daniels, President and Chief Operating Officer of G.I. Joe’s Sports and Auto, is a very significant civic contributor in the Portland area and at PSU, where he has been very active in fund raising for athletics.

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board authorize Portland State University to award an honorary doctorate to Mr. Norman Daniels at a special event on October 4, 2002.

System Strategic Planning Committee Recommendation to the Board

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

Board Discussion and Action

Director Bassett moved and Director Lehmann seconded the motion to approve the recommendation as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.
Director VanLuvanee indicated that staff had made an extensive budget presentation accompanied by a discussion of it by the Joint Committees.

Staff Recommendation to the Joint Budget and Finance and System Strategic Planning Committee

Staff recommended the Board approve the 2003-2005 OUS Biennial Operating Budget request, including budget priorities, funding requirements, and reduction plans. (The Vice Chancellor for Finance and Administration is given authority to make funding adjustments based on revised Current Service Level or FTE information.)

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

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

Board Discussion and Action

Director Bassett requested that there be a summary of the ideas that had been developed and the promises that were made about how the institutions and System will address the various items in the package. He expressed the view that there is a great deal contained in the document and that it was important to be able to track the items.

Director VanLuvanee moved and Director Young seconded the motion to approve the 2003-2005 OUS Biennial Operating Budget request. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

Director VanLuvanee reported that the Joint Budget and Finance and System Strategic Planning Committees had reviewed the 2003-2005 Capital Construction Program of the Oregon University System for over $1.1 billion for the seven OUS campuses and University Centers.
Staff Recommendation to the Joint Budget and Finance and System Strategic Planning Committee

Staff recommended that the Board approve the 2003-2005 Capital Construction Budget Request and that staff be authorized by the Board to apply for the necessary grants and seek the necessary bonding authority and Certificate of Participation authorizations to affect the projects and purchase the equipment and systems as presented for the 2003-2005 biennium.

Joint Budget and Finance and System Strategic Planning Committee Recommendation to the Board

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

Board Discussion and Action

Director VanLuvanee moved and Mr. Young seconded the motion to approve the 2003-2005 Capital Budget Request as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

Director Wustenberg reported that the changes to the Internal Management Directives pertaining to investment management was a carry-over item from the June 20, 2002, meeting of the Investment Committee.

Staff Recommendation to the Investment Committee

Staff recommended the Board approve the changes to the Investment Management section of the Internal Management Directives as submitted.

Investment Committee Recommendation to the Board

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

Director Wustenberg moved and Director Lehmann seconded the motion to approve the changes to the Investment Management section of the Internal Management Directives. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, Watari, Wustenberg, Young, and VanLuvanee. Those voting no: none.

JOINT BOARDS WORKING GROUP
President Lussier reported that there had been no activity of the Joint Boards Working Group.

OHSU
Director Imeson reported that OHSU would be holding an annual Board retreat next weekend.

OREGON COLLEGE SAVINGS PLAN
Director Lehmann indicated that the group had not met recently but in terms of resources invested, things are going very well. Over $60 million in over 16,000 separate accounts has been invested, and the trend is continuing.

OCKED
Director VanLuvanee indicated there was nothing new to report from the Oregon Council on Knowledge and Economic Development.

PUBLIC INPUT SESSION
The following person spoke during the public input session:

Bob Willner–Oregon International Council

Mr. Willner, Executive Director of the Oregon International Council, addressed the issue of Proficiency-Based Admission Standards.

Mr. Willner indicated that the Board had “received an open letter I sent ten days ago to members of this Board and other state educational leaders. I suggested some positive steps out of the crisis of confidence that I think now confronts Oregon education as a whole. Today I want to add one more note, pointing up the urgency of that crisis, which I think also relates very strongly to the quality issue that has been mentioned frequently in today’s discussion.

“I'll express my regret in advance for using language that I think is rather strong, but it's heartfelt. I happened to work in Washington, D.C. throughout the Watergate era and, when I hear OUS officials enthusing over education standards that their subordinates are quietly dismantling, I'm reminded, very uncomfortably, of Attorney General
John Mitchell and the famous comment, ‘Don’t worry about what we say, watch what we do.’ When OUS personnel claim, ‘We haven’t abandoned the standards, we’re just restructuring them,’ and the restructuring is from a mandatory standard to optional standard, I can’t help recalling White House Spokesman Ziegler saying, ‘Our previous statement was not withdrawn. It’s no longer operative.’

“We are moving with the times, however. Earlier this month I learned, from the OUS web site, that in 1997, the Oregon legislature enacted a law directing the State Board of Higher Education to, ‘continue development of a proficiency-based admission standards system that aligns with school reform requirements for kindergarten through grade 12.’ In light of that law, and the concern for quality that’s been expressed here today, it strikes me that if OUS personnel are allowed to proceed with their ‘restructuring’ of the proficiency-based admission standards in private, without public discussion, without careful review, then I hate to say that this Board could take its place in history with the boards of Enron and Worldcom.

“There is still time to head off this crisis through open decisions, openly arrived at, focusing on how we can cooperate to implement standards rather than on what we can eliminate. I strongly hope the Board will adopt that approach. Thank you for this opportunity.”

ITEMS FROM BOARD MEMBERS

Director Bassett expressed his personal welcome to WOU President Conn.

Director Young extended his thanks to the Board for the time he had served on the Board. “I really enjoyed my time here on the Board; I enjoyed the work. I remember when one of my predecessors was stepping down from the Board and we talked about how it was really great to work with the other members of the Board. At the time I was a year into my tenure and I thought, no, it’s about the issues, it’s about getting things done. But since then I’ve really grown to appreciate you guys.”

Ian Ruder added that he was anticipating being able to echo Tim Young’s comments in two years.

President Lussier took the opportunity to thank the Board for the opportunity to make his presentation at the Board Renewal and for all of the work that was done during the session. He added, “It’s obviously a challenging time in higher education and in state government and virtually everything else that we’re doing in our
society right now. It seems like we have the brain power and the intellectual capacities and fortitude to work through a lot of these issues and continue to create what is obviously a wonderful education system.”

ITEMS FROM PRESIDENTS

President Conn expressed his excitement in joining OUS and indicated that he was looking forward to working with the Board.

DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE

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 October 18, 2002. The Executive Committee shall act for the Board in minor matters and in any manner where a timely response is required prior to the next Board meeting.”

Board members agreed to the delegation of authority as stated.

ADJOURNMENT

Meeting adjourned at 1:35 p.m.

Diane Vines
Secretary of the Board

Jim Lussier
President of the Board