CALL TO ORDER 78

ROLL CALL 78

APPROVAL OF MINUTES
February 15, 2002, Committee of the Whole Minutes
July 19, 2002, Joint Committees Minutes
July 19, 2002, Board Minutes

PRESIDENT’S REPORT 78
Thank You
AmeriCorps Positions
Carol Lauritzen, EOU 79
UO Libraries
WOU Advancement of Teaching
Jay Casbon, OSU-Cascades Campus

CHANCELLOR’S REPORT 79
Town Hall Meetings
Visits with Political Leaders 80
Pendleton Roundup
“Measuring Up” Report

REPORT FROM IFS PRESIDENT 80

REPORT FROM OSA PRESIDENT 81

WORK SESSION
Biennial Operating Budget 81
OCKED Recommendations 90
Strategic Planning Work Group Report

Budget and Finance Committee
ACTION ITEMS
Biennial Operating Budget Status Report 90
2002-03 Operating Budget 90
PSU Agreement with the Portland Development Commission 91
PSU Purchase of North MacAdam Property 91
CONSENT ITEMS
OSU Hinsdale Wave Research (Increase in Limitation) 92
SOU Library (Increase in Limitation) 92
2002-03 Travel Reimbursement Policy 93

System Strategic Planning Committee
ACTION ITEMS
Strategic Planning Work Group Report 93
OSAC’s Three Biennia Plan to Enhance the Oregon Opportunity Grant Program 93

CONSENT ITEMS
OHSU, Graduate Certificate, Healthcare Management 94
EOU, B.A./B.S., Media Arts 94
Consideration of Nominations to the Forest Research Laboratory Advisory Committee, OSU 95

Executive Committee
ACTION ITEMS
PSU - Urban Housing Lease Extension 95
Oregon University System Audit Charters 95
Resolution-Refunding Bond Sale 96

Investment Committee
ACTION ITEM
Change to Investment Objectives and Policy Guidelines 96

OTHER COMMITTEE REPORTS
Joint Boards Working Group 96
OHSU 96
Oregon College Savings Plan 97
Oregon Council on Knowledge and Economic Development 97

PUBLIC INPUT SESSION 97

ITEMS FROM BOARD MEMBERS 97

ITEMS FROM PRESIDENTS 97

DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE 98

ADJOURNMENT 98
CALL TO ORDER
The meeting of the State Board of Higher Education was called to order at 8:33 a.m. by President Lussier.

ROLL CALL
On roll call, the following Board members answered present:
- Mr. Kerry Barnett
- Mr. Jim Lussier
- Mr. Roger Bassett
- Dr. Geri Richmond
- Mr. Tom Imeson
- Mr. Don VanLuvanee
- Ms. Leslie Lehmann
- Ms. Erin Watari
- Mr. Tim Young

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

APPROVAL OF MINUTES
The Board dispensed with the reading of the minutes of February 15, 2002, Committee of the Whole; July 19, 2002, Joint Committee; and the July 19, 2002, Board meeting. Mr. Barnett moved and Mr. Young seconded the motion to accept the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

PRESIDENT’S REPORT
President Lussier welcomed Board members, presidents, and those in the audience to the meeting at Southern Oregon University.

Thank You
President Lussier extended his thanks to President Zinser for what he described as an informative visit to the campus. He recognized the staff and SOU supporters who had extended warm hospitality to the Board. “The weather was absolutely stunning, as was your wonderful campus,” Mr. Lussier observed.

AmeriCorps Positions
SOU has received over $198,000 from the Oregon Commission for Voluntary Action and Services for 16 full-time AmeriCorps positions in the Regional Ecosystem and Applied Learning Corps program. This is an outstanding example of the value of applying field experience to classroom learning.
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<tr>
<th>Name</th>
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<tr>
<td>Carol Lauritzen, EOU</td>
<td>Eastern Oregon University Education professor Carol Lauritzen, one of over 100 Reading and Writing for Critical Thinking volunteers, was honored by the International Reading Association for her work.</td>
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<td>UO Libraries</td>
<td>On September 3, 2002, the UO Libraries opened their stacks to all adult Oregonians who are now able to borrow materials free of charge from one of the country’s leading research library collections.</td>
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<td>Western Oregon University</td>
<td>Western Oregon University has been tapped as one of 17 universities nationwide participating in a national roundtable to advance teacher education. The institution is part of the Delta Group, a partnership initiated by the Carnegie Foundation for the Advancement of Teaching. This inclusion of WOU in such a selective project recognizes the national reputation that the College of Education and Teaching Research has earned over years of research and development.</td>
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<td>Jay Casbon, OSU-Cascades</td>
<td>President Lussier introduced Dr. Jay Casbon, Executive Officer for the OSU-Cascades Campus and highlighted that he has a distinguished background in public and private education. Dr. Casbon is formerly a professor of educational administration at Lewis and Clark College where he also served as dean of the Graduate School of Professional Studies.</td>
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<td>Campus</td>
<td>Dr. Casbon provided the Board with an update on the current number of majors offered at the Cascades Campus as well as the number of students currently enrolled. He noted that there are currently 20 majors being offered at the baccalaureate and graduate levels; 410 unduplicated head-count with an FTE of 234; and an additional 240 students who are receiving assistance in areas such as advising. The majority of the students, 77 percent, are considered “older students” and represent a pent up demand for higher education in the area. The dedication of the new Cascades Hall in mid-September was, according to Dr. Casbon, “a coming together of the community that has worked so hard for so long to make this a reality.”</td>
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<td>Chancellor Jarvis</td>
<td>Chancellor Jarvis reported that during the past month he had been engaged in Town Hall meetings at OSU, PSU, OIT, and SOU and had found them to be productive and informative. In addition, he has met with the faculty senates at OSU and OIT where he had received warm welcomes and engaged in good conversations.</td>
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Visits with Political Leaders

Well over 24 visits have been made to legislators and candidates running for political offices. Chancellor Jarvis indicated that these provided opportunities to answer questions and receive feedback and reactions to the message he is taking about “The Deal.” The Chancellor’s statewide travel had also provided him the opportunity to meet with editorial boards in Klamath Falls, Ashland, Medford, and in Portland with the Oregonian.

Pendleton Roundup

The opportunity to participate in the Pendleton Roundup was made possible by President Phil Creighton of EOU and Chancellor Jarvis thanked him for that unique opportunity.

“Measuring Up” Report

Finally, the Chancellor remarked about all the attention the release of the Measuring Up Report had generated. It has been a topic that has been addressed in the Town Hall meetings as well as the editorial board meetings. “The Report comes up particularly when the focus is on affordability and we’ve been able to build on it for useful conversations about our future,” he concluded.

REPORT FROM IFS PRESIDENT

Elaine Deutschman, president of the Interinstitutional Faculty Senate (IFS), introduced Dr. Bill Danley, professor of special education at SOU, president-elect of IFS.

The latest meeting of the IFS was in Bend and was attended by guests President Martha Anne Dow, Dr Casbon from the Cascades Campus, and Board President Lussier. A great deal of the discussion at the meeting centered on the report of the System Strategic Planning Workgroup Report and “The Deal” and flexibility initiatives included within it. IFS President Deutschman indicated that, “OUS faculty want to be part and parcel of the OUS effort to achieve the funding needed to keep the quality in our System. We’re also willing to assist in what’s probably a tougher job, making the case for higher education with the citizens of Oregon.”

In closing, Ms. Deutschman quoted from an article entitled, “Developing and Viewing Faculty as an Asset for Institutions and States,” and highlighted that “a system of public higher education that begins thinking of its faculty as an asset, as it does with facilities, equipment, and library holdings won’t think of just hiring the services of faculty members, but will invest in keeping and developing its faculty as well.”
REPORT FROM OSA PRESIDENT

Ms. Rachel Pilliod, OSA Board Chair and student body president at UO reported on behalf of OSA. Her remarks (the full text is on file in the Board’s office) centered on preserving access and affordability at System institutions. She indicated that access to higher education continues to be students’ first priority as they prepare for the impact of the state budget shortfall in 2003.

Ms. Pilliod underscored that every tuition increase directly translates into making higher education less accessible and, because of that, the OSA opposed the tuition surcharges the Board would be acting on at the meeting.

Continuing, she indicated that OSA has concerns about the flexibility initiatives and how they will affect access to Oregon universities. “It is important that current checks and balances remain in place, and we (OSA) find it unnecessary for OUS, a public system of higher education, to bypass the legislature.

“With regard to specific flexibility initiatives, we are most concerned with one proposal, the elimination of expenditure limits on non-state funds,” she pointed out. In closing, Ms. Pilliod urged the Board and OUS to enter into more dialogue with students on the Plan and the flexibility initiatives.

WORK SESSION

Vice Chancellor Anderes provided background on the Biennial Operating Budget and, in particular, the reductions that have already been made by the System and what is anticipated in the coming months. In analyzing the budget, the January 20, 2003 special election has to be taken into account. If the measure fails, there will be a $310 million reduction that state-wide agencies will have to implement. OUS’ share of that would be approximately $26.9 million.

A reduction of this magnitude, in the middle of the academic year, will cause extreme challenges for the campuses: reductions in the number of class sections that can be offered and the size of the remaining classes; continued deterioration of a variety of services such as counseling, campus security, library scheduling, and so forth. A final area where there will be noticeable impacts is in the ending fund balances of institutions, “a safety net that provides some availability of funds that can simply be there to offset problems that arise. In these times it is critical to have additional revenue and the only viable source to partially offset the potential reductions is in tuition surcharges. When one looks at opportunities in terms of
savings, private sources, fund balances, and they all play into the plan, there is a point at which you just run out of their availability. I need to really emphasize that the tuition surcharge, if in fact it has to be implemented, is not going to fill this $26.9 million hole,” Dr. Anderes emphasized.

Each institution had identified a plan for the Board’s consideration which differed in approach and in the amount of increase proposed. This is due to the fact that the institutions vary in their mix of resident and non-resident students, the reductions they had already instituted, and their plans for the future. Vice Chancellor Anderes reminded the Board that if the ballot measure passes in January, there would be no additional surcharge at this time. If the measure fails, there is hope that there would be immediate legislative action that could partially offset the reductions.

Director Bassett pointed out that another scenario might come into play if the ballot measure fails in January and the revenue forecast is significantly lower again.

The Board will be asked, at the November Executive Committee meeting, to approve a temporary rule to enable the institutions to implement the surcharge if the Ballot measure fails.

In introducing the report of the System Strategic Planning Work Group report, President Lussier emphasized that the bottom line is that the formulas currently being used with reference to finance, accessibility, tuition traditions, and trends are not working. “I would appeal to everybody in this room that we can make a difference. It can be an opportunity for us to look at where we’re going and how we’re going to get there in a slightly different light. Collectively it is up to all of us to identify very clear goals that address the issues and problems to enable us to build a better Oregon University System and help the institutions maximize their quality and worth to the citizens of the state of Oregon by very clear and discernable actions.”

Continuing, Mr. Lussier indicated his belief that “the stars are lined up for major change in this state. We’re going to have a new governor, we have a new, great Chancellor, and we need to have some specific goals around which we can rally, We need a new covenant or a new contract with the citizens of Oregon about what they want out of higher education; take that to the legislature; and, educate a new governor about those perspectives and opportunities.”
Secondly, Mr. Lussier indicated that the Board needs to aggressively market this new plan and to be advocates in support of it. In the third place, he pointed out, there are a lot of things that the Board could do under its own advisement to solve the problems with reference to things like system design, interinstitutional relationships, and clarifying the institutional missions. Finally, he reminded the Board, it comes down to financing and how higher education in Oregon is funded and what might be done in innovative and collective ways to infuse new, additional financial resources.

Director Bassett provided a backdrop for the Report of the System Strategic Planning (SSP) Work Group, indicating that it was based on several key events of the Board: a request of the SSP Committee to seek a strategic context for the decisions the Board would be facing in the coming year; the renewal session in the summer; and, a request from the presidents for a series of decisions to improve the tools the institutions need to have as they look at their responsibility for sustaining institutional capacity in days of ever more limited revenue.

“The SSP Committee, working with the Chancellor to develop the flexibility initiatives, brought the imagery of ‘The Deal’ and the context and content of it together into the Report that we have today,” Mr. Bassett continued. “Today we’ll be taking action in the form of a motion to accept the report with whatever conditions are placed upon that by our discussion so that we can move ahead with implementation. I also want to note that, beginning next month, it is my intent to ask that the SSP Committee set themselves a monthly meeting schedule so that we can begin work on the larger policy issues of affordability, mission differentiation, enrollment and quality relationships, and governance, to name a few.”

Director Bassett indicated there were already some questions concerning the plan. “Notable among those are the proposed policy constraints in the wording of ‘The Deal.’ In the planning framework document, policy constraints on tuition are more restrictive than the language on the tuition flexibility initiative in another part of the report.

“There are some questions about how ‘The Deal’ actually would operate and how it relates to the RAM model. There is the question about whether this is appropriate and/or fair – maybe even a moral propriety – that we would have students and/or institutions carry responsibility for the financial aid of other students. This is definitely
a work in progress as we’re heading in the direction of increased campus, versus state, responsibility for assuring the continued existence of a public higher education resource in Oregon,” Mr. Bassett concluded.

Chancellor Jarvis and Director Bassett reviewed the Report. (Full text of the Strategic Planning Work Group Report is available on the web at: http://www.ous.edu/board/dockets/strategicplanningsupp.pdf and copies of the PowerPoint presentation are available in the Board’s Office) “The policy decisions that are represented by the bubbles around the box,” Chancellor Jarvis explained, “are the issues of affordability, enrollment and quality, mission differentiation, public finance, governance, and the flexibility initiative. As I see it, these constitute the Board policy agenda with regard to implementing 'The Deal' itself. The flexibility initiatives empower and enable local responsibility; ‘The Deal’ represents not giving up on the aspirations and seeks an understanding with the legislature that would not make it a slippery slope,” the Chancellor highlighted.

President Zinser made three observations. Under the bullet “Planning Assumptions,” she suggested that specific mention should be made of community colleges. They should also be mentioned where there is a suggestion of roundtables because the use of higher education does not necessarily include community colleges. Under the second bullet where mention is made of affordability, she suggested it be a combination of price, aid, and time to achieve a degree. Finally, she expressed the view that it might be “helpful to create a bullet that is specifically tied to the question of quality and competitiveness, since that’s a theme that comes through ‘The Deal’.”

At a point in the discussion where the Chancellor referred to thinking in terms of greatly expanded enrollments, Director Young asked if the System had the physical capacity to house that many students. Chancellor Jarvis explained that the System probably could not add that much physical capacity in the short time frame suggested, but that kind of growth would require both new facilities, sharing facilities, and electronic solutions, to name a few.

The Chancellor suggested that the current state funding level for OUS was approximately 77 percent and dropping to 74 percent, which is not sufficient to support a high quality education for students in the System. He suggested that a first element to the package being presented is that access and quality should be thought of together
and that 77 percent is the absolute minimum the System can tolerate and continue to assure quality and access. The first goal would be to have the state contribution be no less than 80 percent of the average of our peers.

Dr. Richmond indicated there were details that were not clear to her. For example, “when we talk about 80 percent of the peer average state funding, we have to identify whether we mean that is before or after tuition. Another issue is to recognize that the peer average is not one number. We will look at peer average for each of the institutions because it would be unfortunate if we were using a peer average that was for the large institutions.”

Director Barnett observed that peer average is a moving number as other states go through exercises similar to Oregon’s. “So I guess it is possible,” Mr. Barnett mused, “that the average number could actually be reduced over time. I guess the longer range question is whether this is the right measure or is there some more absolute of where we need to be in terms of funding to achieve a certain level of quality.” Dr. Jarvis responded that he didn’t know of another or more compelling number and he didn’t know of one that would not lead to a long introductory campaign to get some understanding of it.

President Frohnmayer added that perhaps we should say that the 80 percent target is a starting point and that if that base declines, then we increase the percentage based upon an historical notion of the golden days, at least. So rather than invent a whole new index, you can simply increase the percentage of the index to say that is the base.

There was continued debate about the percent that would be considered as a starting point. Chancellor Jarvis indicated that the 80 percent level was the starting point and “essentially the state is saying that is the level and you higher education folks have to make due with it. And if the state comes back with a lower figure, then at that point, ‘The Deal’ is off. I mean,” Jarvis continued, “we’re asking the state to buy into the process. I believe what you would do is send us off to Salem in January with your instructions to me and say, ‘Show up Richard, do your best. If the state says there’s not a lot of money, we’ll try our best again two years from now.’”

Director Imeson suggested that “the discussion should be converted to numbers of students the state is funding at an access to quality
level and agree that is an affordable tuition and a quality or proxy for quality, which is what the numbers tend to be, as opposed to the current situation where what happens at the end is, here is the amount of money, you take every qualified student, and here are the parameters for tuition, and tuition ends up being the budget balancer for the state.”

Chancellor Jarvis attempted to describe it another way. “For the money the state provides in 2003-2005, how many students would that dollar amount fund at 80 percent? That’s the answer that I want to get to and say, ‘state, if you agree that there is a quality level that you will not erode, and there’s this much money available,’ that actually tells you how many students the state and we are agreeing to support. I would suggest that it’s really important that we put a couple of controls on how far and how fast tuition might increase.”

President Lussier suggested adding, in a reasonably simple way, financial aid, “because it would seem to me that tuition increases and decreases of financial aid are actually overburdening the cost.”

Ms. Deutschman asked if the resident undergraduate tuition and education fees and the state investment total the cost of educating a resident undergraduate student. Dr. Anderes indicated that it is a revenue number based on what the RAM model produces and based on what the student pays. Continuing to push for clarity, Mr. Imeson asked if we could get a sense of that cost number. Vice Chancellor Anderes answered that trying to relate the revenue and the expenditure piece is more difficult, but that it can be done. Director Imeson underscored that it appeared to him that “of all the things that you can’t give on, you can’t give on quality, which I think is the premise of this plan, but I do think you have to be much more explicit in trying to get the state to agree that this is the language that we’re going to be speaking and acting on as we develop budgets.” Dr. Richmond underscored that quality is not a variable.

President Lussier added that at some point in time, the Board will need to add in clear terms where the System wants to be and how we plan to step up to get there.

In the course of the presentation, Director Young suggested that “the Board insert language or encourage the universities to re-examine student input in the process with the scholarship funds that would be generated solely out of tuition revenue. I think it’s important that, if the
students are taking responsibility for funding scholarships in this way, that they have a voice in the process."

Director Lehmann indicated she had been focused on the communication of “The Deal” externally and suggested that, because this was a new way of thinking, we needed to find a clear and simple way to communicate to others.

Before turning to the flexibility initiatives, Director Bassett reported that Director Wustenberg expressed a concern that the Report should not include a directive that a portion of new tuition revenue go to fund financial aid. She indicated that it would be an inappropriate responsibility of students. Director Bassett pointed out another concern dealing with the constraints on tuition that are a part of “The Deal” but are not part of the flexibility initiative on tuition setting. “So, seeing cost of instruction as a floor or a limit and inflationary index as a limit, there is also among us some concerns about placing additional restrictions on the institutions at the beginning versus leaving it more open at the beginning and adding them later.”

Members of the Chancellor’s staff presented the Flexibility Initiatives included in the Report. On the point of setting the boundaries for resident undergraduate and graduate tuition, President Frohnmayer indicated that his reflection from the discussion of the Committee was that “those were two separate acts and that the policy considerations for setting graduate tuition can be vastly different from those setting undergraduate or, say, lower division. And, I hope that the record of these deliberations reflects that, because different institutions will have a different mix of graduate and undergraduate students, professional schools (which are also graduate), for example law, which will have vastly different considerations. I hope that is understood by the Board and it would enter into the flexibility granted to individual institutions because that’s not just a matter of setting undergraduate tuition. It’s quite different.”

On institutional financial aid, Director Young restated his point concerning student input into the process of using revenues generated from tuition for scholarships. “It is all need-based, but there is a lot of latitude. Are we going to tie that so we fully fund certain students that are PELL grant or need-grant eligible, Opportunity Grant eligible and are receiving it, or do we distribute it in smaller amounts across all the students that are eligible but might not be receiving the Oregon Opportunity Grant?”
Director Bassett suggested that the first place to go in a broader affordability discussion, “particularly one that engages community colleges and others, is that it is the state’s responsibility to address neediest students, the need-grant, the need-based financial aid piece, over the long haul. And it should start shortly, I think. Within the portfolio of different kinds of aid – the merit-based aid, incentives, and so on – maybe those are appropriately best addressed by institutions who know their student populations and those kinds of needs and incentives the best, but I would hope that we don’t see the fact that we have that item here as part of the on-going discussion at the moment as a reason we would insist on it for all times.”

It was pointed out by Dr. Weeks that the System recommendation was to increase grants for students through OSAC and, secondly, to adopt Board policy to ensure that a portion of tuition increases are set aside for financial aid for the most needy students.

Director Richmond made the point concerning the RAM model that at the present time the model doesn’t, in her opinion, differentiate between institutions, and yet there are data out there to do that. Vice Chancellor Anderes responded that there is a differentiation in the targeted programs for the regional institutions and indicated that through the model and cell value, they’re treated equally.

Continuing the discussion, Director Richmond indicated there is a Delaware Study that could be used to sharpen the model and that this was “an appropriate time to go back and look at the RAM model and develop a cell value that is more consistent with the differentiation of the missions of the institutions.” Dr. Weeks responded that the System recommendation for this initiative is that a System agreement be developed for distribution of students, by campus, that will be supported if there is no increase in state General Fund and if General Fund support increases to the quality level requested in the Board-approved budget.

Director Imeson asked if the spirit of the agreement with the state was that the state money that follows students for the undergraduate purpose will actually be used for that purpose as opposed to being diverted to other uses that may be consistent with the aspirations of the university, but don’t fit in that undergraduate instructional activity. “Is that what we would be auditing?,” he questioned.
Vice Chancellor Anderes indicated that “at the beginning of the process, we would be talking about an enrollment management strategy and looking at what the projections are at each campus and specifically how it relates to the model. Basically, then we would be following up at the end to see where those enrollments went. But the model itself would function, to the extent that we would be putting, in effect, a cap on the negotiated enrollments across the campus. The audit would be the follow-up to that process.”

Director Lehmann posed a situation where a campus might decide to enroll additional residents beyond the level provided and asked what assurances could be made for quality? Chancellor Jarvis responded that the Board would be defining the state-funded quality portion as 80 percent. The reason we have performance indicators, he continued, is to indicate that institutions are meeting quality standards on performance. “But I would also want to see a report from presidents to answer the question, ‘you said you could take this many extra students – what is the impact on the various performance measures of your campus?’”

Vice Chancellors Clark and Anderes and Legal Counsel Ben Rawlins outlined the remaining flexibility initiatives. Director Young questioned what effect the limitations on bonding might have on the state’s credit rating and if it would be necessarily separate from an institutional credit rating. It was explained that there would be no adverse impact, but that OUS would continue working closely with the state on these matters.

Returning to the issue of tuition and fees, Director Watari asked if there could be more commitment and structure for the students’ side of the “The Deal.” “I would feel a lot better if there were some kind of accountability within the agreement that is concrete, similar to the 80 to 90 percent agreement with the state.”

Chancellor Jarvis responded that the proposal on the 50-50 share of tuition is a capping proposal based on the Higher Education Inflation index which is a capping proposal as well. That is the only capping proposal on the table in the Report. He pointed out that this parallels the 80 - to - 90 percent on the quality side.

In closing the work session, President Lussier reminded the Board that the “The Deal” and the Flexibility Initiatives are more like short term goals. “The longer term goal is to begin to form these ideas into
policy statements about which we can deliberate. These are very essential and will give us the opportunity to indicate what parts are working and when change is required."

**OCKED Recommendations**

Vice Chancellor Vines introduced Mr. Allen Alley, founder and CEO of PixelWorks. Mr. Alley was appointed by Governor Kitzhaber to chair the Oregon Council for Knowledge and Economic Development (OCKED).

Mr. Alley reviewed and summarized the report and recommendations. He highlighted the areas of: work force development; enhancing the number of technology degrees; training competent workers; focusing on K-12 education and, in particular, helping teachers become more technology literate; commercialization of ideas through creation of year-long entrepreneurial leaves-of-absence; and creating signature research centers.

Vice Chancellor Vines reminded the Board that there currently is no funding to implement these recommendations, but there is a $5 million proposal in the Oregon Economic and Community Development Department (OECDD) budget to the Governor. She and Mr. Alley thanked the Board members and presidents who participated in the committee work of OCKED. “This is a volunteer group of very important business people and they have given us an unlimited amount of time and energy to make these things happen.”

**Adjourn Work Session**

President Lussier adjourned the work session and reconvened to the regular Board meeting.

**BIENNIAL OPERATING BUDGET STATUS REPORT**

Director VanLuvanee noted that, in accepting the biennial operating budget status report, the Board acknowledges that tuition surcharges identified will not exceed those identified by each university for winter and spring terms dependent on the outcome of the January ballot measure.

Director VanLuvanee moved to approve and Director Bassett seconded the motion to approve the biennial operating budget status report as submitted during the work session. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

**2002-03 OPERATING**

Director VanLuvanee reported that the Budget and Finance Committee had reviewed the 2002-03 Operating Budget.
Staff Recommendation to the Budget and Finance Committee

The staff recommended that the Board Committee on Budget and Finance recommend for approval by the full Board the proposed 2002-03 Operating Budget.

Board Discussion and Action

Director VanLuvanee moved and Director Lehmann seconded the motion to approve the 2002-03 Operating Budget as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

Vice Chancellor Anderes explained that the Portland Development Commission plans to give PSU $5 million for the Northwest Center for Engineering, Science, and Technology building and, in return, PSU will transfer a parking lot where the car pool lot is located and $2.3 million in interest within the PCAT building.

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve PSU’s request to transfer the surface parking lot (commonly known as the car pool lot) at the corner of SW Fifth Avenue and SW Montgomery Street, and in addition, transfer a $2.3 million interest in the PCAT building, located North of SW Harrison Street, between SW Fifth and SW Sixth Avenues, in Portland, Oregon, to the PDC in exchange for $5 million, assuming all conditions are met and that the final transaction details are agreed upon by all parties, subject to final approval by the Vice Chancellor for Finance and Administration.

Board Discussion and Action

Director VanLuvanee moved and Director Young seconded the motion to approve the PSU agreement with the Portland Development Commission as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

Vice Chancellor Anderes explained that the purchase of the approximately 2.1 acres is being proposed with the concept that there will be more collaborative work with OHSU. He explained that there is an opportunity to participate in some redevelopment in that area.
Some of the property, such as the retail offices and warehouse, may be leased back and, thereby, recover most of the costs over the next several years.

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve Portland State’s request to purchase a parcel of land with office facilities, a warehouse, and retail operations located at 3714 and 3838 SW MacAdam Avenue in Portland, Oregon from LaGrand Industrial Supply, 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 and the Legislative Emergency Board.

Board Discussion and Action

Director VanLuvanee moved and Director Bassett seconded the motion to approve the purchase of property on MacAdam as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

OSU HINSDALE WAVE RESEARCH (Increase in Limitation)

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve OSU’s request to authorize the Vice Chancellor for Finance and Administration, or designee, to seek additional legislative expenditure limitation for $700,000 in unforeseen costs associated with the Hinsdale Wave Research Project.

Board Discussion and Action

Director VanLuvanee moved and Director Imeson seconded the motion to approve the OSU Hinsdale Wave Research increase in limitation as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

SOU LIBRARY (Increase in Limitation)

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board approve SOU’s request to authorize the Vice Chancellor for Finance and Administration, or designee, to obtain approval from the legislative Emergency Board for
an additional $5 million of expenditure limitation for issuance of Lottery bonds and a $1.8 million decrease in expenditure limitation of Gift Funds for the Library Project.

Board Discussion and Action

Director VanLuvanee moved and Director Imeson seconded the motion to approve the SOU Library increase in limitation as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

2002-03 TRAVEL REIMBURSEMENT POLICY

Staff Recommendation to the Budget and Finance Committee

Staff recommended the Board approve the 2002-03 Travel Reimbursement Policy.

Board Discussion and Action

Director VanLuvanee moved and Director Imeson seconded the motion to approve the 2002-03 Travel Reimbursement Policy as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

STRATEGIC PLANNING WORK GROUP REPORT

Director Bassett moved and Director VanLuvanee seconded the motion to accept the Planning Framework Developed by the Strategic Planning Work Group report, acknowledging that it’s a work in progress, and direct the staff to develop the Flexibility Initiatives for legislative discussion and develop a presentation package for “The Deal.” The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

OSAC’S THREE BIENNIA PLAN TO ENHANCE THE OREGON OPPORTUNITY GRANT PROGRAM

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board endorse the principles of the Oregon Student Assistance Commission’s plan to seek enhanced funding for the Oregon Opportunity Grant in the 2003 Legislative Assembly, and join the OSAC, OCCA, OICA, and the OSA in seeking a commitment to extend the value of the grant in future biennia.
Board Discussion and Action

Director Bassett moved and Director Lehmann seconded the motion to approve OSAC’s three biennia plan to enhance the Oregon Opportunity Grant Program. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

OHSU, GRADUATE CERTIFICATE, HEALTHCARE MANAGEMENT

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board authorize Oregon Health and Science University to establish a program leading to the graduate certificate in Healthcare Management. The program would be effective fall term 2002, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2007-08 academic year.

Board Discussion and Action

Director Bassett moved and Director Lehmann seconded the motion to approve the OHSU Graduate Certificate in Healthcare Management as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

EOU, B.A./B.S., MEDIA ARTS

Staff Recommendation to the System Strategic Planning Committee

Staff recommended that the Board authorize Eastern Oregon University to establish a program leading to the B.A./B.S. in Media Arts. The program would be effective winter term 2003, and the OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

Board Discussion and Action

Director Bassett moved and Director Lehmann seconded the motion to approve the EOU, B.A./B.S. in Media Arts as presented. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.
<table>
<thead>
<tr>
<th>CONSIDERATION OF NOMINATIONS TO THE FOREST RESEARCH LABORATORY ADVISORY COMMITTEE, OSU</th>
<th>Staff Recommendation to the System Strategic Planning Committee</th>
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<tbody>
<tr>
<td>Staff recommended that the Board approve the appointment of Elaine Marquis-Brong, newly appointed State Director for Oregon/Washington U.S. Bureau of Land Management, to replace Elaine Zielinski on the Forest Research Laboratory Advisory Committee.</td>
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</table>

**Board Discussion and Action**

Director Bassett moved and Director Lehmann seconded the motion to approve the appointment of Elaine Marquis-Brong to the Forest Research Laboratory Advisory Committee. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

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<tr>
<th>PSU - URBAN HOUSING LEASE EXTENSION</th>
<th>Staff Recommendation to the Executive Committee</th>
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<tbody>
<tr>
<td>Staff recommended that the Executive Committee approve Portland State University’s request to approve this lease transaction with Urban Housing, LLC, which provides a ten-year extension and includes future purchase and development options, subject to final approval by the Vice Chancellor for Finance and Administration and refer to the full Board for final approval.</td>
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</table>

**Board Discussion and Action**

Director VanLuvanee moved and Director Young seconded the motion to ratify the PSU - urban housing lease extension as approved by the Executive Committee at the September 20, 2002, meeting. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

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<tr>
<th>OUS AUDIT CHARTERS</th>
<th>Staff Recommendation to the Executive Committee</th>
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<tbody>
<tr>
<td>Staff recommended that the Board review and approve the Board Audit Charter and Internal Audit Division Charter and refer them to the full Board for final approval.</td>
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**Board Discussion and Action**

Director VanLuvanee moved and Director Young seconded the motion to ratify the OUS Audit Charters as approved by the Executive Committee.

RESOLUTION - REFUNDING BOND SALE

Staff Recommendation to the Executive Committee

Staff recommended the Executive Committee of the Board adopt the bond resolution authorizing the issuance of refunding bonds and refer the resolution to the full Board for final approval.

Board Discussion and Action

Director VanLuvanee moved and Director Young seconded the motion to ratify the resolution in the matter of refunding bond sale as approved by the Executive Committee at the September 20, 2002, meeting. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

CHANGE TO INVESTMENT OBJECTIVES AND POLICY GUIDELINES

Staff Recommendation to the Investment Committee

Staff recommended that the language “under no circumstance shall the principal, as adjusted for inflation, be diminished” be removed from the Policy to decrease the possibility for misunderstanding. Oregon State Treasury officials concur with this change.

Board Discussion and Action

Director Lehmann moved and Director Young seconded the motion to ratify the changes made to the Investment Objectives and Policy Guidelines as approved by the Investment Committee at the September 19, 2002, meeting. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Lussier, Richmond, VanLuvanee, Watari, and Young. Those voting no: none.

JOINT BOARDS WORKING GROUP

President Lussier explained that the work group is returning to a more regular meeting schedule. The group is working toward the development of a longer term agenda for its work.

OHSU

Lesley Hallick briefly discussed the budget issues and noted that they expect a significant reduction in health care services, particularly among the poor. She announced that, on October 10, OHSU broke ground for the new research building that will be constructed as a result of the Oregon Opportunity Funding. She stated they also
propose to borrow funds for clinical expansion, noting that the hospitals have been operating at full capacity for the last four years.

**OREGON COLLEGE SAVINGS PLAN**

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<tr>
<th>ITEMS FROM PRESIDENTS</th>
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<tr>
<td>President Frohmayer announced that the Atlas of Oregon’s second edition has won its third national award, the Excellence in Media Award, by the National Council for Geographic Education.</td>
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<tr>
<th>OREGON COLLEGE SAVINGS PLAN</th>
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<tr>
<td>Director Lehmann reported that the plan shows accounts totaling $64 million representing 17,000 accounts.</td>
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<tr>
<th>PUBLIC INPUT SESSION</th>
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<tr>
<td>No one signed up for public input.</td>
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<tr>
<th>ITEMS FROM BOARD MEMBERS</th>
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<tbody>
<tr>
<td>Director Barnett thanked President Zinser for a wonderful dinner and for hosting the Board meetings. He said that, as a new Board member, the visitation and tour was very helpful.</td>
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<th>OCKED</th>
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<tr>
<td>There was no report.</td>
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<tr>
<th>DIRECTOR LEHMANN</th>
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<tbody>
<tr>
<td>Director Lehmann also thanked President Zinser. She noted that the Oregon Business Plan Summit will take place in December.</td>
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<tr>
<th>DIRECTOR YOUNG</th>
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<tr>
<td>Director Young announced that his father, the former Associate Dean of the dental school at OHSU, is leaving for Ohio.</td>
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<tr>
<th>DIRECTOR WATARI</th>
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<tr>
<td>Director Watari introduced Erica Rabero, former student body president at Rogue Community College. She congratulated Erica for being appointed to the Oregon Assistance Commission.</td>
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<tr>
<th>DIRECTOR BASSETT</th>
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<tr>
<td>Director Bassett thanked President Zinser for the wonderful tour of the campus and evening dinner. He stated that he has been talking with Jill Kirk, President of the Board of Education, about utilizing the Education Joint Boards meeting process to re-energize and articulate joint interests, such as affordability. He also announced that he has been asked to serve on the Lumina Project.</td>
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<tr>
<th>DIRECTORS IMESON, LUSSIER, RICHMOND, VANLVANEE, AND WATARI</th>
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</thead>
<tbody>
<tr>
<td>Directors Imeson, Lussier, Richmond, VanLuvanee, and Watari all thanked President Zinser for hosting the Board.</td>
</tr>
</tbody>
</table>

President Zinser thanked the Board for coming to Southern Oregon University. She introduced Sue Dinsmore, chair of the advisory board for SOU. She thanked Chancellor Jarvis for his Town Hall meeting, and thanked Martha Anne Dow for participating with the Advancement
of Liberal Learning in the 21st Century, noting that OIT was the co-
sponsor with SOU. She thanked Dave Frohnmayer for speaking at the 
event.

President Creighton congratulated President Zinser for a successful 
Board visitation and extended his appreciation to the Board members 
for participating in the visitation. He pointed out how much work goes 
into the preparation and how important Board participation is to 
ensuring success.

Presidents Bernstine, Conn, and Dow thanked President Zinser and 
the Meese’s for a great dinner last night.

Tim White announced that OSU earlier this week dedicated its new 
residence hall, the first in 30 years. The hall was named after OSU’s 
first African American student to graduate, Carrie Beatrice Hallsel.

Board Secretary Thompson 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 December 20, 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, including the authority to consider and 
approve as you have already heard, the temporary Board rule 
to authorize campus tuition surcharges.”

Board members agreed to the delegation of authority as stated.

The meeting adjourned at 1:04 p.m.

Virginia L. Thompson
Interim Secretary of the Board

Jim Lussier
President of the Board