1. **CALL TO ORDER/ROLL CALL**

President Lussier called the meeting of the State Board of Higher Education to order at 10:09 a.m.

On roll call, the following Board members answered present:

- Mr. Kerry Barnett
- Mr. Roger Bassett
- Mr. Tom Imeson
- Ms. Leslie Lehmann
- Dr. Geri Richmond

Absent: Bill Williams (business conflict)

**Chancellor’s Office staff present:** Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Grattan Kerans, Ben Rawlins, Virginia Thompson, Diane Vines, and Susan Weeks.

**Others:** Dan Bernstine (PSU), Philip Conn (WOU), Phillip Creighton (EOU), Bill Danley (IFS), Martha Anne Dow (OIT), Dave Frohnmayer (UO), Lesley Hallick (OHSU), Dixie Lund (EOU), Rachel Pilliod (OSA), Tim White (OSU), and Elisabeth Zinser (SOU).

Meeting attendees also included other institutional representatives, members of the Chancellor’s Office staff, and interested observers.

2. **APPROVAL OF MINUTES**

   - February 21, 2003, Board Meeting Minutes
   - February 28, 2003, Special Board Meeting Minutes
   - March 21, 2003, Special Board Meeting Minutes
   - April 3, 2003, Special Board Meeting Minutes

The Board dispensed with the reading of the February 21, 2003, regular Board meeting, and the February 28, 2003; March 21, 2003; and April 3, 2003, Special Board meeting minutes. Director VanLuvanee moved and Director Barnett seconded the motion to approve the minutes as submitted. The following voted in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

3. **BOARD PRESIDENT’S REPORT**

President Lussier thanked WOU President and Mrs. Conn and the campus community for their warm hospitality during the visit to the campus. He recognized the unrest on the
national and international scenes and commended the campuses on the exemplary job of maintaining free speech. In addition, he acknowledged the challenges facing the state and OUS during extremely difficult financial times. He pointed out that an article in the *Wall Street Journal* highlighted that many of Oregon’s challenges are being experienced on the national scene as well.

4. **CHANCELLOR’S REPORT**

Chancellor Jarvis reported that the major activity since the last Board meeting had been the OUS testimony before the Education Committee of Ways and Means. “Two weeks of hard work and an enormous amount of effort, both by those who gave testimony and by the equally or even larger number of folks who helped prepare testimony and follow-up on the many messages received requesting information and analyses required.” In particular, Chancellor Jarvis thanked Directors Lussier, Lehmann, and Bassett for their presentations on the opening day of the testimony; the presidents; and other community people. A listing of the names of others who assisted had been prepared for the Board.

The Chancellor thanked President Zinser for the invitation to participate in an SOU fundraising event. “It was one of those evenings where you see a community turn out and express their support for the president and the campus.” He acknowledged his gratitude to President Bernstine for entrusting a class at PSU to his teaching. Finally, he reported that he continues his efforts to establish better links with the rest of the public education system through meeting regularly with the Superintendent of Public Instruction and the Community College Commissioner.

**Presidents’ Reports**

President Zinser reported that SOU has hired Dr. Earl Potter, Dean of the College of Business at Eastern Michigan University, as provost. She indicated that an SOU graduate recently donated a collection of wireless technology to the Smithsonian Institute, which will be creating an exhibit around it.

Fire management experts recently convened at OSU, according to President White, to find better ways to manage forest and wildland fires; the Linus Pauling Institute recently received a $6.8 million grant over five years to investigate natural dietary ingredients and how they are an effective remediation in cancer; and two OSU students have received the prestigious Goldwater scholarships worth about $7,500 each.

Provost Hallick noted with pride that even in the very difficult times in which we find ourselves, the institution maintains high national standings, especially in the research arena. OHSU will become a national resource center for Indian Alcohol Studies, a collaborative venture that involves 51 tribal affiliations. OHSU Medical School sustained its number 2 ranking in primary care, while the Nursing School went to number 7 in the country.

President Creighton acknowledged the kind remarks of congratulations from OUS and others regarding his new appointment as President of Pacific University. He reported that, in close collaboration with OHSU, EOU has received federal funding to continue...
the rural frontier delivery system that provides training for nurses across the state in rural communities. EOU faculty, staff, and students recently participated in a day of planning called, “The Courage to Question.”

President Bernstine announced that PSU has its first incubator. The Octavia Scientific Company is now housed in the School of Engineering and is working with faculty who run the chip-testing machines. Ground was broken for the new dormitory, “Broadway House.” Evidence of extensive construction is beginning to take place.

President Conn thanked the Board for coming to WOU and providing an opportunity for the campus to showcase students, faculty, and programs.

President Dow noted that OIT has a new provost. Dr. David Woodall, Dean of Engineering in Alaska/Fairbanks, will be assuming the position on July 1, 2003. There is a campus-wide planning and budget build-up process underway and some exciting new initiatives are under discussion. OIT has established a new collaboration with Clackamas Community College at the Wilsonville Center that involves the new Oregon Renewable Energy Center.

President Frohnmayer announced that, of the 186 Guggenhiem Fellows for this year, one is a UO Chemist. The College of Education is ranked within the top five in the nation; construction continues on the Art Museum; ground was broken for a new childcare center, and the Many Nations Longhouse groundbreaking will occur in the near future. Finally, he reported that the men’s a cappella group recently won the West Coast regional competition.

5. **Reports**

   **IFS President**

   Dr. Bill Danley, IFS President, began his report by thanking Chancellor Jarvis for an extraordinary amount of communication with the faculty since he came to the System. He continued by acknowledging the current conditions in Oregon and the fact that, “The future of the Oregon University System lies in our being the driver of our economic recovery which will happen when we take care of business and get Oregon back on its feet.” While acknowledging the loss of students’ ability to access quality education at affordable levels, he reminded the Board “if we endure more cuts in our budget, it will come at the expense of the jobs of our colleagues and friends.” He concluded his remarks by stating that, “All of Oregon and all of America are suffering economically right now, and we on the faculty are committed to work with you and do our part to keep us going.” (The full text of Dr. Danley’s remarks are found in Attachment “A”.)

   **OSA President**

   Ms. Rachel Pilliod, Board Chair of the Oregon Student Association (OSA), indicated that this was her final meeting as Chair of OSA. “I’d like to thank you all personally for the work this academic year and also for your willingness to include students in your discussions.” Secondly, she thanked the Board for the work that had been done on shared governance and indicated that, overall, OSA sees this as a broad reflection of
their goals. “This is the first step towards a more inclusive and collaborative decision-making process on campuses.”

Continuing, she said there were a few friendly additions OSA would recommend:

1) Student governments should be added into the implementation part of the policy, ensuring that the recognized student government is involved in the writing and finalizing of the campus policy.
2) The implementation part of the policy should note that the student government and the administration will work to agree on the policy before it is submitted to the Chancellor.
3) Student government should be recognized as the official student liaison on shared governance issues.

Ms. Pilliod thanked those from OUS and the institutions who had supported students in their “fight to protect the student incidental fee and the democratic, student-controlled process.” This, she said, stopped House Bill 3600. The remainder of the OSA report focused on the need to establish a balance among access, affordability, and quality, and she encouraged the Board not to take any final action on enrollment at the present meeting, stating a need to have further discussions with legislators. (The full text of Ms. Pilliod’s remarks are available in Attachment “B”.)

6. **SYSTEM STRATEGIC PLANNING COMMITTEE**
   **CONSENT ITEMS**
   a. **PSU, M.S., Statistics**

**DOCKET ITEM:**
Portland State University proposed a program leading to the M.S. degree in Statistics, effective immediately. Currently, PSU offers statistics as an option in the Mathematical Sciences master’s program; that option will be terminated upon approval of this program.

Virtually all coursework needed for the proposed program is in place. Some courses are shared with Oregon Health and Science University. Faculty from both institutions co-teaches in this program and students from the two institutions utilize coursework on both campuses. Students in the proposed program would complete 45 credits, at least 30 of which would be in statistics. In addition, they would be required to pass two examinations: one in mathematical statistics and one in applied statistics. Three credits of statistical consulting are required, as well. The consulting courses include a community service component that gives students the opportunity to be involved in community projects in the Portland metro area.

The only other OUS institution offering graduate degrees in statistics is Oregon State University (M.A., M.S., Ph.D.). During review and discussion of this program by the Academic Council, members observed that the demand for such programs seems almost insatiable, and program duplication is not an issue.
With the enormous amount of data generated in this information-based society, people skilled in statistics are a valuable and necessary resource. PSU’s mathematics department routinely receives requests for students with statistical skills at the graduate level. Most commonly, these requests center on risk analysis work, actuarial employment, or more general data analysis employment. At the national level, 750 job advertisements for statisticians were listed with Amstat Online in 2001, many with multiple openings. Best estimates are that the demand for statisticians is approximately twice the supply.

The work of statisticians ranges from the theoretical to the applied. Graduates of this program may find employment across the breadth of industry and government, doing such things as analyzing consumer prices, clinical trials, and agricultural techniques; predicting consumer behavior; ensuring viability of retirement accounts; and training teachers.

PSU anticipates serving approximately 30 to 40 students annually, with eight graduates per year. A baccalaureate degree in mathematics is not required for entry into the program. However, a number of math prerequisites must be met prior to admission (i.e., Calculus, Advanced Calculus, Differential Equations, Linear Algebra, Abstract Algebra). Students may be admitted conditionally if not all of the prerequisite courses have been completed.

Eight faculty will participate in offering the program. PSU anticipates adding one assistant professor in applied statistics in the third year of the program, to be supported from reallocated institutional resources. This will allow the department to offer the proposed additional courses and meet the expected enrollment demands of the program in the near future. Currently, 30 to 40 percent of student credit hours in the department are generated under the Stat prefix. Existing math faculty supports the statistics program as instructors of introductory sequences. However, trained statisticians are needed to teach more advanced applied courses in the program. Beyond the additional faculty member, no other resources are required to offer the program.

Drs. Xuming He, University of Illinois, and Jessica Utts, University of California, Davis, formed the external review team. Both are professors of statistics at their respective institutions. Overall, they were supportive of the program and viewed the close collaboration with OHSU as very positive. The team thought that the breadth of faculty expertise and interests exceeded that of many statistics programs and indicated that this program will benefit the institution, the region, and the state. They recommended that the coursework should reflect guaranteed skill development in statistical software; the program has been revised accordingly.

All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.
Staff Recommendation to the System Strategic Planning Committee
Staff recommended that the Board authorize Portland State University to establish a program leading to the M.S. in Statistics. The program would be effective immediately. The OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

BOARD DISCUSSION AND ACTION:
It was moved by Director Bassett and seconded by Director Lehmann that the Board endorse the System Strategic Planning Committee’s recommendation to approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

b. PSU, Graduate Certificate, Geographic Information Systems

DOCKET ITEM:
Portland State University proposed to offer the graduate certificate in Geographic Information Systems (GIS), effective summer 2003. This program would provide introductory and in-depth study of the design and application of GIS technology. Although administered by the PSU Department of Geography, courses would also be drawn from urban studies and planning and geology, thus reflecting the multidisciplinary nature of GIS.

GIS is an important methodology for scientific research, planning, and engineering. The goals of the program are to (1) provide a solid grounding in the science of geo-spatial data representation and spatial analysis, (2) provide opportunities to work with advanced specializations in GIS at an extended level, and (3) include GIS projects embedded in the courses and utilizing a range of technical and analytical skills required of GIS practitioners. Students would be required to complete 20 graduate credits in such courses as GIS applications, GIS for the natural sciences, field GIS, satellite digital image analysis, and maps and models. Students would also be required to meet the prerequisites for some of these graduate-level courses.

Many occupations, both public and private, require evidence of professional development for working with geographic information systems. Environmental management, planning, engineering, and business professions all employ people with GIS expertise. PSU anticipates student enrollment of no more than 40 students at a time.

No new courses or faculty are required for this program. Support for this certificate program will be provided by the Colleges of Liberal Arts and Sciences and Urban and Public Affairs, as well as PSU’s Office of Information Technologies and Graduate Studies and Research.
Although other OUS institutions offer coursework in GIS, none of them offers a graduate certificate program in GIS. All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

_Staff Recommendation to the System Strategic Planning Committee_
Staff recommended that the Board authorize Portland State University to establish a program leading to the graduate certificate in Geographic Information Systems. The program would be effective summer 2003. The OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

BOARD DISCUSSION AND ACTION:
It was moved by Director Bassett and seconded by Director Lehmann that the Board approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

c. UO, B.A./B.S., Multimedia Design

DOCKET ITEM:
The University of Oregon proposed to offer a program leading to the B.A./B.S. degree in Multimedia Design, effective fall 2003. This program builds on the success of UO’s B.F.A. in Multimedia Design.

The proposed B.A./B.S. is a straightforward liberal arts degree with a major focus in multimedia design, whereas the current B.F.A. program requires an additional 46 upper-division studio credits. The intensity of the B.F.A.’s mandatory fifth year is not appropriate for all students. Therefore, in an effort to address student demand in this area, the proposed B.A. and B.S. degree options were developed.

Other related programs in the state include a baccalaureate degree program in Computer Science/Multimedia at Eastern Oregon University, multimedia associate degrees at Lane and Portland Community Colleges, a certificate program at Portland State University, and a multimedia minor at Oregon State University. The UO program differs from EOU’s program in its strong art emphasis rather than computer science.

Students in the proposed program will complete 180 credits in the use, invention, and production of all forms of multimedia creative works and Internet-based communications. The curriculum, which is based on the history and practice of visual arts and communications, will include issues of concept, theory, and authoring. Students will share with art majors a foundation of Basic Design, Drawing, and Art History. This connection to the history and practice of visual communication is a primary strength of the program. One art history course will be exchanged with an historical survey entitled Multimedia Survey that places digital media in a specific cultural and historical context. Students will also develop original multimedia work in hands-on labs, studios, seminars, and internships.
Student demand for the B.F.A. in multimedia design has been significant; only 40 percent of applicants are accepted. Adding the four-year degree option will not increase the total number of students in the program (currently, 160 to 200 students). Rather, the same number of students majoring in multimedia design will now have the choice of either a four-year or five-year program (approximately 80 percent in the B.A./B.S. and 20 percent in the B.F.A.).

Graduates of this program will be qualified for work in professional digital media design and production, as well as work in other culture industries. They will also be prepared to work independently creating art. Graduates may elect to continue toward the B.F.A., attend graduate school in another field, or immediately enter the workforce.

No new faculty, library, studio, equipment, or other resources are required for this program.

All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

Staff Recommendation to the System Strategic Planning Committee
Staff recommended that the Board authorize the University of Oregon to establish a program leading to the B.A./B.S. in Multimedia Design. The program would be effective fall 2003. 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 accept the System Strategic Planning Committee recommendation to approve the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

d. SOU, Undergraduate Certificate, Interactive Marketing & e-Commerce

DOCKET ITEM:
Southern Oregon University proposed to offer an undergraduate certificate in Interactive Marketing and e-Commerce, effective immediately. Students in this program will complete 32 credits–24 credits of core coursework (direct marketing, Internet marketing and e-commerce, programming II, web authoring, introduction to multimedia, and a course on databases) and 8 elective credits in an approved, related area.

Traditionally, marketing curriculum focuses on mass marketing or segment marketing. It is now practical for companies to reach large numbers of consumers and businesses with marketing that targets individual needs and wants, potentially reducing the amount of unappreciated marketing messages. American consumer spending on products ordered directly online, or influenced by online Internet marketing, reached $36.6 billion in 1999 and was estimated to exceed $1.2 trillion, worldwide, in 2002.
The Southern Oregon region is no exception to this significant shift. Interactive marketing and e-commerce is a foundation of many area businesses, from home office to large companies. Bear Creek Corporation, one of the world’s largest direct marketers, is headquartered in Medford. Bear Creek and other regional businesses that conduct e-commerce and other interactive direct marketing experience a chronic shortage of skilled marketing and information technology professionals. This proposed certificate program would help meet that need.

The program is designed for SOU’s business majors, but would also be useful for working professionals who want to update their skills. Graduates of the certificate program would be prepared with the technical skills to work closely with information and web technology groups in business, government, or educational settings. SOU anticipates five graduates per year, doubling to ten or more by the fifth year of operation.

There is no similar program offered by OUS institutions. SOU has sufficient faculty, staff, and facilities to offer this program. All appropriate University committees and the OUS Academic Council have positively reviewed the proposed program.

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

Staff recommended that the Board authorize Southern Oregon University to establish a program leading to the undergraduate certificate in Interactive Marketing and e-Commerce. The program would be effective immediately. The OUS Office of Academic Affairs would conduct a follow-up review in the 2008-09 academic year.

**BOARD DISCUSSION AND ACTION:**

It was moved by Director Bassett and seconded by Director Lehmann that the Board approve the System Strategic Planning Committee’s recommendation to approve the program. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvianee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

**e. Nominations to the Forest Research Laboratory Advisory Committee, OSU**

**DOCKET ITEM:**

**Summary**

Pursuant to ORS 526.225, Oregon State University nominated Linda Goodman and Roy Woo to the Forest Research Laboratory Advisory Committee and requests the Board make the recommended appointments.

**Background**

ORS 526.225 specifies that the Board of Higher Education shall appoint a Forest Research Laboratory Advisory Committee composed of 15 members, nine of whom are to be individuals engaged, actively and principally, in timber management of forest lands, harvesting, or processing of forest products; three individuals who are the heads-of-state and federal public forestry agencies; and three individuals from the public-at-
large. Although the statute does not prescribe the terms of the Committee members, the practice has been to make appointments for a period of three years. Traditionally, those who are performing actively and effectively have been recommended for reappointment to a second three-year term, with all members replaced at the conclusion of a second term.

**Recommendation by Forest Research Laboratory Director**

Dr. Hal Salwasser, director of the Forest Research Laboratory, with the concurrence of President Tim White, has made the following recommendations:

- **Appointment of Linda Goodman,** newly appointed Regional Forester for the Pacific Northwest Region to fill the vacant position as head of a public forestry agency. The position was previously held by Harv Forsgren, who has transferred to Albuquerque, New Mexico. Ms. Goodman began her career with the Forest Service on the Olympic National Forest in Washington State in 1974. During her career, she has worked in a wide variety of administrative and managerial roles at every level of the organization. She has worked in five different National Forests in the Pacific Northwest Region. From October 2001 to June 2002, Ms. Goodman served as Acting Chief of Staff for the Forest Service in Washington, DC. She provided advice and counsel on all aspects of the management of the Forest Service and represented the Chief of the Forest Service in meetings with the Department of Agriculture, other federal, state, and local agencies, as well as with external partners. Ms. Goodman graduated from Linfield College in McMinnville, Oregon with a Bachelor of Science degree in Management. She continued her education in Forestry at Oregon State University.

- **Appointment of Roy Woo,** who has been named the Acting State Forester until a permanent State Forester has been chosen. The previous State Forester, James Brown, has resigned to accept a position in the Governor’s Office as the Natural Resources Policy Director. The State Forester position on the Advisory Committee is a statutory requirement. Mr. Woo has served as Deputy State Forester of the Oregon Department of Forestry since June 1, 2000. In his 30 years with the agency, he has held several positions including: Northwest Oregon Area Director, Klamath Falls District Forester, Assistant Personnel Director in Salem, and forester positions in Coos Bay, Dallas, Tillamook, and Prineville. Mr. Woo graduated in 1972 from Washington State University with a degree in forest management.

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

Staff recommended that the Board approve the above appointments to the Forest Research Laboratory Advisory Committee.
BOARD DISCUSSION AND ACTION:
It was moved by Director Bassett and seconded by Director Lehmann that the Board approve the appointments to the Forest Research Laboratory Advisory Committee. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

SYSTEM STRATEGIC PLANNING COMMITTEE REPORT
Director Bassett summarized the discussion of the 2003 OUS Diversity Report that was presented to the SSP Committee by Dr. Yvette Webber-Davis, Director of Diversity Planning for OUS. He indicated that the results in the Report demonstrated that OUS and the institutions have taken the goals of diversity seriously. Further, it reflects continued campus commitment and adoption of practices that sustain improvement. The SSP Committee will be scheduling a time when there can be an extended discussion of diversity challenges.

It was reported that the SSP Committee continues to wrestle with the intersection of quality and access. Director Bassett shared a proposed motion the Committee had discussed:

Moved that the State Board of Higher Education henceforth link state funded enrollment directly to a minimum value of funding per FTE, based upon a recent enrollment period and indexed to the agreed state RAM appropriation. This policy shall be known as the “sustainable enrollment level” of OUS and shall represent the commitment of the State Board to stop the erosion of quality in the delivery of OUS instructional services.

When a campus seeks to enroll additional resident students beyond the limits of those funded by state appropriation (i.e., on the margin of support provided by their tuition alone), the Board shall hold the institution accountable for assuring that the quality of the student experience and the level of campus performance be maintained.

Director Bassett continued by pointing out that this is a starting point for additional work with the Governor, legislative leaders, and others. At the Joint Boards Working Group meeting, the discussion led to major convergence with the State Board of Education and how they had presented the community college budget at the beginning of the legislative session with a decision to accept declining enrollment as distinguished from a decline in per-student funding. “This is pretty unprecedented to have the two Boards taking the position on something this significant,” he observed.

This led to plans for a discussion with the Governor and key legislative leaders, Director Bassett reported. President Lussier added that there was no immediate need for approval of the statement at this meeting; rather there was a desire to get a general consensus that this was in the direction the Board would approve. Director Young said his observation from the Joint Boards Working Group meeting was that K-12 and community colleges share the same plight as higher education, “and I think they also
share our sense of responsibility. The feeling that I left with was that we’re all unwilling to sacrifice the integrity of the experience any longer. I think the unification of our voices is pretty powerful and unprecedented. I fully endorse this approach,” he concluded.

Director Imeson urged the Board to distinguish between short-, medium-, and long-term outcomes. He questioned whether the Board should deal with the enrollment whenever the tuition issues are raised because of the direct linkages between them. His assertion was the state has in the past, and continues today, to act as if there were no consequences to various levels of funding. Part of the responsibility of the Board is to offer alternative solutions. He pointed out the benefits of having an honest discussion with the legislature, the executive branch of government, and stakeholders to determine the best way to address the resource issues. “I don’t know if the precise words are right, but I think the conversation is the right one to have. And, to me, it’s also about more transparency in the way that our System and budget works so that people can understand what the levers are and can make informed judgments about them.” Director Imeson concluded by saying that, “In the immediate crisis situation, we can’t be too strident about how we make our case.”

7. **Budget and Finance Committee**

**Action Items**

a. **Institutional Tuition Proposal 2003-04 and 2004-05**

**REVISED DOCKET ITEM:**

At the March 21, 2003 Special Meeting the Board approved five recommendations concerning funding priorities, tuition, and enrollment planning for the 2003-2005 biennium. These recommendations included directives to the staff to return in April with tuition plans for each institution for 2003-04 and 2004-05. The proposals incorporate the mid-year tuition surcharges initiated in the 2002-03 academic year.

In developing the proposal for each tuition rate, campuses have had to evaluate their financial conditions in light of several considerations including: 2001-2003 reductions; funding the 4 percent “rainy day” fund directed by the Governor; continued enrollment growth; potential impact on each student category of tuition differentials; ability to support fee remissions; and, the uncertain economics of the 2003-2005 biennium.

Tuition increases for 2003-04 are measured against the annualized 2002-03 spring term tuition with the tuition surcharges. The 2003-04 tuition plans for the various student categories vary widely by institution. Resident undergraduate rate increases range from 0 percent to 8 percent; non-resident undergraduate rate increases range from 0 percent to 16 percent; resident graduate rate increases range from 3 percent to 16 percent; and non-resident graduate rate increases range from 0 percent to 30 percent. The rates of increase for 2004-05 range between 3.5 percent and 12 percent and are more uniformly applied by institutions to student all categories.

Additionally, institutions are considering alternative ranges to the tuition plateau. Historically students have paid the same tuition as undergraduates from 12-18 credit
hours and as graduates from 9-16 credit hours. With the UO being approved to compress the plateau in 2002-03, other institutions are considering similar changes.

The Chancellor will be permitted to authorize minor adjustments to this plan as deemed necessary and report these adjustments to the Board at the earliest opportunity.

**Summary**

The staff recommends approval of the 2003-04 and 2004-05 tuition plans proposed by the institution presidents. At its March 21, 2003, meeting, the Board directed the staff to return in April with a formal tuition plan for the ensuing biennium. More complete details and proposed fee and policy changes will be brought to the Board in July for adoption of the 2003-04 Academic Year Fee Book as a permanent Administrative Rule.

**Background**

At the March 21, 2003, Special Meeting the Board approved five recommendations concerning funding priorities, tuition, and enrollment planning for the 2003-2005 biennium.

Recommendation #2 of that proposal ratified, as permanent tuition rates, the temporary tuition surcharges previously approved in December 2002 and January 2003. That recommendation calls for the staff to prepare the necessary Oregon Administrative Rule changes to reflect this tuition rate. The permanent rule change will be done in July 2003 when the Board is presented with the 2003-04 Academic Year Fee Book for its adoption.

Recommendation #3 directed the Chancellor to prepare a formal tuition and enrollment plan to be considered for approval by the Board. The tuition plan, as recommended by the institution Presidents is presented herein. The status of enrollment planning will be reviewed at the Board meeting.

**Information**

The Board has expressed a goal of limiting tuition increases at predictable minimal levels to maintain access for Oregonians and allow students to better plan and manage costs. The institutions were encouraged to assure that financial aid, through fee remissions, continue to be set aside to fund financial aid for low-income students. Additionally, the commitment to 2004-05 tuition plans will further provide a measure of predictability for students and their families over the 2003-2005 biennium.

In developing the proposal for each tuition rate, campuses have had to evaluate its financial conditions in light of several considerations:

- General fund reductions incurred in 2001-2003 which reduced the state support for operating expenses by over 10 percent;
- The 4 percent General Fund reductions in 2003-2005 off the Governor’s Recommended Budget to fund a “rainy day fund” as directed by the Governor;
- Enrollment projections that indicate continued growth in demand;
• Potential impact on each student category from tuition increase differentials;
• Ability to support financial aid through fee remissions to maintain access for financially needy students; and
• The uncertainty of estimating the tuition income needs in 2004-05 in uncertain economic times.

The results are the proposed institution tuition plans, presented in this report, including a statement of intent for continuing fee remission programs for financial aid. These plans are consistent with the Board’s ratification of incorporating the 2002-03 mid-year tuition surcharges into the tuition base of each institution. It should be noted that the tuition rates in the current proposal do not address any impact that might occur should the Governor’s Recommended budget be reduced by more than the 4 percent for the “rainy day” fund.

Institution Tuition Plans
The tuition plans for each institution for 2003-04 and 2004-05 are summarized below. Following action of the Board in March to make permanent the tuition surcharges of 2002-03, the increases for 2003-04 are measured against the Spring 2003 tuition levels, with tuition surcharges, annualized to three terms. The rates are only for tuition and not other mandatory enrollment fees.

Institutions are also considering alternatives to the tuition plateau. Historically, undergraduate students have paid the same tuition for 12-18 credit hours and graduates for 9-16 credit hours. The UO was approved to compress the plateau in 2002-03. Institutions are considering further changes for 2003-04. Details of these changes will be brought to the Board in July with the Academic Year Fee Book.

**Eastern Oregon University**
EOU tuition rates for 2003-04 will increase as follows: resident undergraduates—3.2 percent to $3,102; non-resident undergraduates—3.2 percent to $3,102; resident graduates—15.6 percent to $8,046; nonresident graduates—30.4 percent to $15,429.

EOU tuition rates for 2004-05 will increase as follows: resident undergraduates—10.0 percent to $3,411; non-resident undergraduates—10.0 percent to $3,411; resident graduates—10.0 percent to $8,850; nonresident graduates—10.0 percent to $16,971.

EOU has increased its long term, ongoing fee remissions programs to maintain parity with historical fee remission rates.

**Oregon Institute of Technology**
OIT tuition rates for 2003-04 will increase as follows: resident undergraduates—3.3 percent to $3,333; non-resident undergraduates—0.6 percent to $12,534; resident graduates—3.3 percent to $5,955; nonresident graduates—0.3 percent to $10,596.
OIT tuition rates for 2004-05 will increase as follows: resident undergraduates—9.0 percent to $3,633; non-resident undergraduates—9.0 percent to $13,662; resident graduates—9.0 percent to $6,492; nonresident graduates—9.0 percent to $11,550.

OIT will maintain its fee remission efforts at it historic level of 17 percent of tuition revenues.

**Oregon State University**

OSU tuition rates for 2003-04 will increase as follows: resident undergraduates—4.0 percent to $3,492; non-resident undergraduates—14.1 percent to $16,248; resident graduates—13.1 percent to $8,139; nonresident graduates—13.6 percent to $14,376.

OSU tuition rates for 2004-05 will increase as follows: resident undergraduates—5.0 percent to $3,666; non-resident undergraduates—5.0 percent to $17,061; resident graduates—5.0 percent to $8,547; nonresident graduates—5.0 percent to $15,096.

OSU will maintain its fee remission efforts at it historic level of 11 percent of tuition revenues.

**Portland State University**

PSU tuition rates for 2003-04 will increase as follows: resident undergraduates—0 percent remaining at $3,240; non-resident undergraduates—2.0 percent to $12,888; resident graduates—5.7 percent to $6,966; nonresident graduates—8.4 percent to $12,582.

PSU tuition rates for 2004-05 will increase as follows: resident undergraduates—8.0 percent to $3,498; non-resident undergraduates—4.0 percent to $13,404; resident graduates—8.0 percent to $7,524; nonresident graduates—8.0 percent to $13,590.

PSU will support fee remission efforts, including Graduate Assistantships, at 13 percent of tuition revenues. However, this level does not provide aid to all of the neediest students.

**Southern Oregon University**

SOU tuition rates for 2003-04 will increase as follows: resident undergraduates—3.4 percent to $3,138; non-resident undergraduates—8.3 percent to $11,811; resident graduates—9.3 percent to $6,312; nonresident graduates—7.3 percent to $11,559.

SOU tuition rates for 2004-05 will increase as follows: resident undergraduates—12.0 percent to $3,516; non-resident undergraduates—8.0 percent to $12,756; resident graduates—12.0 percent to $7,068; nonresident graduates—8.0 percent to $12,483.

SOU will increase the level of fee remissions in both 2003-04 and 2004-05. New scholarship programs are being created from private funds.
University of Oregon

UO tuition rates for 2003-04 will increase as follows: resident undergraduates—2.0 percent to $3,540; non-resident undergraduates—0.6 percent to $15,090; resident graduates—9.0 percent to $7,587; nonresident graduates—0.2 percent to $12,387. The undergraduate tuition cost can be reduced with a 15 percent discount per credit hour for time-of-day discounts on selected courses.

UO tuition rates for 2004-05 will increase as follows: resident undergraduates—12.0 percent to $3,966; non-resident undergraduates—3.5 percent to $15,618; resident graduates—12.0 percent to $8,496; nonresident graduates—3.5 percent to $12,822. The undergraduate tuition cost can be reduced with a 15 percent discount per credit hour for time-of-day discounts on selected courses.

UO will maintain its level of fee remissions, but will likely shift some allocation from merit-based awards to the need-based pool.

Western Oregon University

WOU tuition rates for 2003-04 will increase as follows: resident undergraduates—8.0 percent to $3,240; non-resident undergraduates—4.1 percent to $11,505; resident graduates—13.8 percent to $6,549; nonresident graduates—10.8 percent to $11,793.

WOU tuition rates for 2004-05 will increase as follows: resident undergraduates—6.0 percent to $3,435; non-resident undergraduates—3.5 percent to $11,907; resident graduates—6.0 percent to $6,942; nonresident graduates—3.5 percent to $12,207.

WOU will set aside 7 percent of the tuition increase for additional fee remissions.

As the Legislative Session continues and further information becomes known, it may be necessary to make minor adjustments to these plans. In such an event, the Chancellor would authorize such changes and report to the Board at the next earliest opportunity.

Staff Recommendation to the Budget and Finance Committee

Staff recommended that the Board Budget and Finance Committee approve the tuition plans for 2003-04 and 2004-05 academic years outlined in this report; direct the staff to incorporate these plans into the Academic Year Fee Book 2003-04 (Administrative Rule OAR 580-040-0040) to be presented to the Board for consideration in July 2003; authorize the Chancellor to make minor adjustments to this plan in its final development; and, recommend approval by the Board.

BOARD DISCUSSION AND ACTION:

It was moved by Director VanLuvanee and seconded by Director Wustenberg that the Board endorse the Budget and Finance Committee’s recommendation to accept the staff recommendation. On roll call, those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Wustenberg, Young, and Lussier. Those voting no: Watari.
b. Revision of Board 2003-05 Funding Priorities for Fee Remissions Transitions

DOCKET ITEM:
At the March 21, 2003, meeting, the Board approved a list of 55 funding priorities for presentation to the legislature. Priorities 14 and 55 (both Fee Remission Transition), support funding to universities that, when the RAM was developed, couldn’t fund a proportional share of fee remissions through tuition. The program, with projected expenditures of $830,000 for the 2003-2005 biennium, was to be phased out by 2005-2007. As a consequence the decision was made to reduce the funding in 2003-2005 by 50 percent or $410,000.

During the legislative hearings it was suggested that the reduction of fee remissions during a period of tuition and fee rate escalation was counterproductive. Further, the potential for negative impacts on the most needy was seen as a distinct possibility.

It became clear that the Oregon University System position should be reconsidered. The original concept that universities gradually substitute tuition funds for the General Fund support, which was sound in 1999 and even in 2001, does not fit with the diminished General Fund of 2002-03. Chancellor Jarvis assured the Committee he would relay their concerns to the Board and seek a revision.

Staff Recommendation to the Budget and Finance Committee
It was recommended that priority 55 be eliminated and the full funding of the program be reflected in priority 14 at $830,000. The System is directed to identify $410,000 to replace the reductions.

BOARD DISCUSSION AND ACTION:
Director Bassett noted that, in approving the staff recommendation, the Board is “re-enforcing our commitment to fee remissions and it should be noted that means we are, at least implicitly, positioning ourselves to oppose the Co-Chairs’ notion that we should balance our budget by eliminating the fee remission program.”

It was moved by Director VanLuvanee and seconded by Director Young that the Board endorse the Budget and Finance Committee’s recommendation to approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

CONSENT ITEM
a. Managerial Reporting–Quarterly Management Reports

DOCKET ITEM:

Background
One of the recommendations coming out of the fiscal accountability framework project was that mechanisms be established to provide assurance to the Board that the financial activity of OUS universities is being monitored on an ongoing basis. It is
understood that each university is responsible for monitoring its financial activity. An objective of the fiscal accountability framework was to ensure that sufficient controls and documentation are in place to provide the Board with assurance that ongoing monitoring is indeed taking place.

Monitoring OUS financial activity is a significant challenge given its annual revenues exceed $1.5 billion and its accounting records comprise over 31,000 funds in 28 major fund groups. The management reporting workgroup of the fiscal accountability framework reviewed various external resources to identify managerial reporting needs. One key resource included a publication entitled Financial Responsibilities of Governing Boards of Colleges and Universities (Second Edition), which was produced jointly by the Association of Governing Boards of Universities and Colleges (AGB) and the National Association of College and university Business Officers (NACUBO). Other resources included sample reports from a number of major institutions and systems of higher education, as well as certain reports already produced within OUS, both by the Chancellor’s Office and University personnel. The workgroup identified 15 management reporting needs, in varying degrees of detail, that would be prepared by each university, reviewed by the Chancellor’s Office, and summarized for the Board. The 15 management reporting needs are listed in Appendix A.

A subsequent work team developed reporting formats to satisfy five of the 15 management reporting needs. The reporting formats resulted in three reports:

- Comparison of projected end-of-year amounts to initial and operational budgets
- Comparison of year-to-date financial activity to prior year
- Tracking of monthly cash balances

The intent was to report the operating activity of the seven OUS universities and the Chancellor’s Office into a series of summarized and useful reports.

The reports noted above and presented herein focus on unrestricted funds and auxiliary enterprise funds. Reports addressing the other funds of OUS will be incorporated in future phases of the managerial reporting project.

The above reports are intended to be prepared quarterly. It was determined that first quarter reports would not be presented because of the timing of the Board approval of the annual operating budget, and because the first quarter occurs before the beginning of fall term and, therefore, may not be useable for making reasonable year-end projections. Therefore, it was determined that reports would be prepared and presented to the Board for three quarters each year:

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<th>Quarter Ending</th>
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<td>December</td>
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Analysis
The attached management reports of unrestricted funds and auxiliary enterprises are designed to provide information of the financial activity of the current fiscal year, to identify potential problems, and to provide consistent documentation that ongoing monitoring is taking place. The three reports contain data from the accounting records but also contain end-of-year projections from university management, which are estimates based on the information available at the time the projections are made.

After reviewing the series of unrestricted funds and auxiliary enterprise reports received from each university, we have noted the following:

**COMPARISON OF PROJECTED END-OF-YEAR AMOUNTS TO INITIAL AND OPERATIONAL BUDGETS:**

1) **Operational versus Initial Budget**
   The Board approves an initial budget in October of each year. The initial budget contains projected revenues, with a general understanding of a balanced budget in which projected expenditures equal projected revenues.

   As additional information becomes available throughout the year, the universities make adjustments to update the initial budget. Examples include expected changes in government appropriations and tuition and fee revenue. Another example would include carrying forward a department’s unexpended budget balance from the prior year into the expenditure budget of the current year. The initial budget and the adjustments become the operational budget.

2) **Government Appropriations**
   Government appropriations in the initial budget were $392 million. Current projections for government appropriations are $343 million, which is $49 million or 13 percent less than the initial budget approved by the Board. These reductions are due to the budget reductions made by the Oregon legislature.

3) **Student Tuition and Fees**
   The increase in current projections for student tuition and fees is primarily attributable to the tuition surcharge implemented in winter term. The initial budget projected student tuition and fees of $340 million. The current projection of $345 million now makes student tuition and fees a larger revenue source than government appropriations.

4) **Education and General Expenditures**
   Due to the decline in government appropriations, the projected Educational and General expenditures are $53 million or 7 percent less than the initial budget approved by the Board.
5) **Ending Fund Balance**
At this time, the fund balance projected for the end of the year is comparable to the beginning fund balance.

**COMPARISON OF YEAR-TO-DATE FINANCIAL ACTIVITY TO PRIOR YEAR:**

1) **Student Tuition and Fees**
Student Tuition and Fees recorded through December 31, 2002, of $235 million is $45 million higher than recorded for the same period last year. Universities attributed the increase to the following:
- In the prior fiscal year, a portion of the winter term tuition and fees were not recorded until the following month, January.
- Increased enrollment.
- Tuition increases.

2) **Education and General Expenditures**
Education and General expenditures for the six months ended December 31, 2002, are lower than the Education and General revenues. This is because the revenues relating to Education and General (e.g., tuition and fees) are generally received once each quarter and need to be sufficient to cover expenditures that occur throughout each of the following three months.

Education and General expenses of $355 million for the six months ending December 31, 2002, are $20 million or 6 percent higher than for the same period one year ago. The increase is primarily attributable to the increase in student enrollment.

3) **Net Operating Surplus (Deficit)**
Although December 31, 2002, and 2001 show a current operating surplus, much of the surplus will be used up during the months of January, February, and March, when no additional tuition and fee revenues are received.

**TRACKING OF MONTHLY CASH BALANCES:**

1) **Cash Balances at December 31, 2002**
The cash balances are comparable to prior months and to the same periods in prior years. We did note that cash balances of service departments have been showing continual declines. Service departments provide services to other university departments. Revenues of service departments are only recorded when the billings are generated and issued to university departments. University management attributes the cash balance decreases to some service departments not generating billings until the following month. Management will continue to monitor this issue.

Additional reports to support the above analysis are on file and available upon request.
Conclusions
OUS universities are responsible for monitoring their financial activity. Much of the financial activity is monitored in relation to the projected year-end totals of revenues and expenditures. These projections are estimates.

The OUS Controller’s Division requested the management of each university to verify the amounts in the managerial reports, to update annual projections, and to identify and provide explanations to significant variances. The Controller’s Division reviewed the managerial reports and variance explanations provided by each university for reasonableness, and compiled the managerial reports of each university into a series of consolidated Systemwide reports.

The fiscal status of OUS unrestricted funds and auxiliary enterprise funds at December 31, 2002, are stable. University management have adjusted their budgets and managed revenues and expenditures in response to the state appropriation reductions. University projections indicate year-end results within reasonable operational parameters.

Staff Recommendation to the Budget and Finance Committee
Staff recommended that the Board accept the above management reports for December 31, 2002. Additional reports will be prepared for the quarter ending March 31, 2003, and will be presented to the Board in June 2003.

BOARD DISCUSSION AND ACTION:
It was moved by Director VanLuvanee and seconded by Director Wustenberg that the Board approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmman, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

8. FULL BOARD ACTION ITEMS
a. Confirmation of Appointment of Dr. Dixie Lund as Interim President, EOU

DOCKET ITEM:  
Background  
A special Board meeting was convened on April 3, 2003, via teleconferencing, for the purpose of selecting an Interim President of Eastern Oregon University. Following an executive session, Chancellor Jarvis recommended that Dr. Dixie Lund be named Interim President of EOU. This appointment is to become effective June 1, 2003, and continue until a new president has been appointed. The vote of the Board on this recommendation was unanimous.

Because the meeting was held by teleconferencing, Legal Counsel has suggested that a confirming vote be taken at the Board meeting.
**Staff Recommendation to the Board**
Staff recommended that the Board confirm the vote of Dr. Dixie Lund as Interim President of EOU, to be effective June 1, 2003, and continue until a new president has been appointed.

**BOARD DISCUSSION AND ACTION:**
Director VanLuvanee moved and Director Wustenberg seconded the motion to approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

Dr. Lund thanked the Board and the Eastern community for their support and added, “I hope to be a most effective bridge between President Creighton’s departure and the appointment of the new president at Eastern.”

**b. Audit Committee Analysis**

**DOCKET ITEM:**

**Summary**
The Oregon State Board of Higher Education designated the Executive Committee with audit reporting responsibility in September 2002. The full board adopted an audit charter that outlined their audit reporting responsibilities in November 2002. As a result of Board restructuring that took place in January 2003, the Executive Committee discontinued its practice of holding regularly scheduled meetings. Given this change, the Oregon State Board of Higher Education requested that the Chancellor’s Office conduct a review of the current audit reporting structure. There are three items to be considered as part of the review and recommendation: the Oregon University System Internal Audit Division Peer Review Report recommendations, potential independence issues, and administrative implications.

The attached charts outline the results of the peer review comments and current status. In addition, an analysis of the independence and administrative implications raised by Board members were considered as part of the recommendation. The staff members who performed this analysis were the Director of Internal Audit and Director of Legal Services. The staff recommendations are outlined below.

**OUS Internal Audit Division and Legal Services Recommendation**
1. As acknowledged in the OUS Audit Charter, previously approved by the Board, the ultimate authority for the overview of auditing functions lies with the State Board. Accordingly, it is the Board’s prerogative to designate the situs of the audit oversight responsibility. Taking the Board’s current operating structure into consideration, including the responsibility for substantive evaluation of action items by the two primary standing committees, staff recommends assignment of audit oversight responsibilities to the Executive Committee.
2. Designate a portion of at least two Executive Committee meetings per year for audit purposes. We recommend the Board continue to reserve the authority for more meetings as deemed necessary.
   - The first annual meeting should be held with the internal and external auditors. The estimated time would be two hours. The purpose would be to provide oversight by receiving and accepting the Internal Audit Working Plans and progress. The Board would also receive and accept the external financial and compliance audit results.
   - The second annual meeting should be to discuss Internal Audit progress.

3. Reserve the authority to hold an executive session at each audit meeting (with both the external and internal auditors) to discuss matters protected under ORS 192. ORS 192 permits private sessions to discuss personnel matters and information technology security issues. The estimated time for these sessions would be 15 minutes, but they may be shorter or made longer depending upon the issues.

4. Schedule meetings for Thursday afternoons or early Friday morning when the full Board is scheduled to meet.

5. Require the Director of Internal Audit, in consultation with the Board President and Chancellor, to set the audit meeting agenda.

*Staff Recommendation to the Board*

Staff recommended the Board accept the recommendation of the Internal Audit Division and Legal Services as submitted.

**BOARD DISCUSSION AND ACTION:**

Chancellor Jarvis asked the Director of Internal Audit, Patricia Snopkowski, and General Counsel Ben Rawlins to explain the recommendation. Ms. Snopkowski reminded the Board that, at the February meeting, they had requested a review of the impact of changes in the Board structure as it relates to audit reporting. She summarized that there were two issues that need to be resolved: 1) the Vice Chancellor for Finance and Administration sets the agenda for the Budget and Finance Committee; and 2) there are so many topics that need to be discussed in the Budget and Finance Committee that it is difficult to have sufficient time for a thorough review and discussion of the Audit Report. General Counsel Rawlins added that, in terms of setting a policy, the Board has primary fiduciary responsibility.

Director Wustenberg asked for some explanation of the role of Vice Chancellor Anderes in the scenarios recommended. Dr. Anderes responded that he would continue to work closely with the direction of and agendas for the audits and would have oversight in working with Ms. Snopkowski on how the resources would be allocated and on what priorities.

Director Barnett asked for clarification on the relationship between the Executive Committee, when it acts as the Audit Committee; the full Board; and the Budget and
Finance Committee. “We already have a situation where there are some elements of duplication between what goes on at the Budget and Finance Committee level and the full Board level. We want to make sure that we don’t have similar issues essentially being addressed in three different places,” he asserted.

“The point that’s made when you look under the peer review findings that actually called for establishment of a standing audit committee was the need to make sure that this gets the kind of attention that it needs and the time that needs to go into it,” Director Imeson reminded the Board.

It was moved by Director Barnett and seconded by Director Lehmann that the Board approve the staff recommendation. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

c. Student Shared Governance

**DOCKET ITEM:**
**Summary**
For the past several months, there have been ongoing discussions among the State Board of Higher Education, the Chancellor, institution presidents, and leaders of the Oregon Student Association regarding student shared governance. The following policy is to formalize the concept, philosophy, and practice of shared governance.

**Policy and Guidelines**

I. **PURPOSE**

The Oregon University System (OUS) hereby endorses the concept and philosophy of shared governance between OUS institutions and the students of those institutions. The following policy statement provides a framework and principles to guide each campus’ enactment of a campus-specific policy that sets forth the application of this principle to that campus’ governance structure.

II. **OBJECTIVES**

- To recognize the value and importance of assuring students a voice in the educational process, particularly with respect to student life, services, and interests.
- To recognize students’ rights to organize themselves and to select and recommend student representatives to a university governance structure.
- To encourage and facilitate student involvement in university decision-making.

III. **PRINCIPLES**
A. Ultimate authority for the welfare of OUS and its institutions resides with the Oregon State Board of Higher Education. The Board has delegated (and may further delegate) aspects of that authority to the Chancellor (and/or the presidents) to assure efficient management of the System and its institutions.

B. Many aspects of shared governance with the faculties of OUS institutions have a long and successful history.

C. The intent of the current policy is to recognize the value of shared governance with the students of OUS institutions.

D. It is the intent of this policy to establish a state level of support for student-shared governance. It shall be the responsibility of each institution to identify the particular areas best suited for the application of this concept at the respective institution. Accordingly, students shall have the opportunity to participate, appropriate to their special knowledge and perspective, in decisions that relate to, but are not limited to:

1. Academic grading policies
2. Academic disciplinary policies
3. Academic courses or programs to be initiated or discontinued
4. Codes of student conduct
5. Curriculum development
6. Institutional planning
7. Selection and appointment of student services administrators
8. Tuition, fees, room and board rates
9. University mission and vision

IV. IMPLEMENTATION

A. Each institution shall develop written procedures to incorporate the principles of this Board policy.

B. Each institution shall report the resulting procedures, evidence of implementation or, in the alternative, provide a report documenting how these principles of shared governance have already been incorporated into the
institution’s governance structure. The report shall be provided to the Chancellor, or his designee, by December 1, 2003.

C. The presidents are charged with the responsibility of ensuring that the principles of shared governance with students are incorporated, where appropriate, throughout the university.

**Staff Recommendation to the Board**
Staff recommended the Board adopt the Policy and Guidelines for Shared Governance of Students and that the Chancellor provide the Board with a report of progress on implementation at the January 2004 Board meeting.

**BOARD DISCUSSION AND ACTION:**
Director Bassett referred to Ms. Pilliod’s report and suggestion for some “friendly amendments” to the proposed plan and asked how those would be taken into account. Chancellor Jarvis suggested that the presidents review those under the policy and bring back plans that are responsive to them. General Counsel Rawlins agreed that the concepts proposed by OSA are totally compatible with the recommendations under consideration.

Directors Wustenberg and Young congratulated the students, presidents, and Chancellor on their willingness to work together to arrive at an acceptable resolution. Director Young added, “I think it speaks volumes to the maturity of all of us in understanding these processes and how they interact.”

President Lussier proposed that the motion be one that approves the staff recommendation submitted to the Board with the understanding that it will be modified to the extent necessary to incorporate the OSA proposals made by Ms. Pilliod. Director Lehmann so moved and Director Wustenberg seconded the motion. Those voting in favor of the motion: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

**d. Ratification of Partial Sale of the Metro Center (OIT)**

**DOCKET ITEM:**
At the July 20, 2001, Board meeting, the Board Committee on Budget and Finance approved the following consent item. Due to an oversight, however, the full Board did not ratify the recommendation.

The Oregon Institute of Technology (OIT) has requested Board authorization for the Vice Chancellor for Finance and Administration to execute the final Purchase and Sale Agreement and the Tenancy in Common Agreement between OIT and Clackamas Community College (CCC) to sell a portion of the Metro Center Building (13,628 gross square feet) to CCC for $1,669,320. With the sale, an escrow account will be established; $1,000,000 will be set aside to provide the funds to continue to pay the Article XI-F (1) bond debt service and the remaining funds will be available for other
uses. Ms. Swanson reminded the Board that included in the capital construction budget approved in July 2001, a $1,000,000 expenditure limitation was designated for OIT to renovate its CAPITAL Center spaces.

As background, Ms. Swanson stated that the OIT campus at the Metro Center includes space renovated using Article XI-F (1) bonds and is currently leased by CCC. CCC recently passed a bond measure and is requesting they take possession of that portion of the building, while establishing OIT as the tenant. With the sale of this portion, OIT will retain sufficient room at the Metro Center to increase its enrollment in classes at that site for the foreseeable future. After the sale, OIT will still retain 13 classrooms for its use, as well as office and common space. The remaining space will allow for significant enrollment growth and will accommodate planned program expansion at the Metro Center.

With the receipt of the funds from CCC, OIT will use $620,000 of the sale proceeds to pay for additional operating and construction costs to remodel approximately 4,200 sq. ft. at the CAPITAL Center. This additional space will be remodeled into three classroom/laboratories and an administrative and faculty office area. The remaining sale proceeds will be used to establish an escrow account in which $1,049,320 will be placed to decrease that portion of the debt service related to the sale of the property to CCC.

Ms. Swanson restated that staff recommended that the Board authorize the Vice Chancellor for Finance and Administration to execute the final Purchase and Sale Agreement, and the Tenancy in Common Agreement between OIT and CCC, for the sale of a 13,628 gross square feet portion of the OIT Metro Center building to CCC, for $1,669,320, with permission to use the proceeds for repayment of the existing bond debt service and to expand education programs at the CAPITAL Center.

Director Williams moved and Director VanLuvanee seconded the motion. The motion was approved.

_Staff Recommendation to the Board_
Staff recommended the Board approve the partial sale as approved by the Budget and Finance Committee on July 20, 2001.

_Board Discussion and Action:_
Director VanLuvanee moved and Director Wustenberg seconded the motion to approve the staff recommendation. Those voting in favor: Directors Barnett, Bassett, Imeson, Lehmann, Richmond, VanLuvanee, Watari, Wustenberg, Young, and Lussier. Those voting no: none.

9. **Other Reports**

**Joint Boards Working Group**
Director Bassett indicated he had covered the items from the Joint Boards Working Group in the System Strategic Planning Committee and full Board meetings.
OHSU
There was no further report from OHSU.

Oregon College Savings Plan
Director Lehmann reported that, at the end of the first quarter of this year, the Plan had assets of $93 million representing 24,000 accounts. “Oregon has one of the fastest growing state plans in the country,” Director Lehmann observed. “Oregonians are contributing about $4 million per month into the program. There are account owners in all 36 counties and that was a goal; that the plan would be spread throughout the state. The plan managers have set a goal of adding 10,000 to 15,000 accounts per year. The average account size in Oregon now is just under $4,000.”

Oregon Council on Knowledge and Economic Development
President Lussier reported that OCKED has a number of activities underway. There has been a great deal of activity on federal appropriations and other grants. There are a number of bills in the state legislature that OCKED is working on that included higher education.

OSU Presidential Search Committee
Director Barnett reported that the OSU search is proceeding on schedule to have a new president announced by the first week of June.

EOU Presidential Search Committee
The Presidential Search Committee has just been named, according to Director Bassett, and appears to be an excellent and well-balanced group. “The overall schedule will have us complete the work necessary for an announcement to be out and an application process to begin by roughly mid-June,” he reported. The search timeline calls for announcement of a new president no later than the first week of November.

Legislative Report
Mr. Grattan Kerans, Director of Government Relations, added his thanks to President Lussier and Directors Bassett and Lehmann for the outstanding jobs they did in framing the issues that will dominate the discussion and consideration in the legislature. At the present time, the Co-Chairs’ budget has been released and there is a $75 million reduction in the higher education budget; deeper than the 10 percent that had been projected. At the time the Board was meeting, the Governor was releasing his budget. The real discrepancies in projections and proposed budgets are beginning to be clarified. “Your discussion earlier on the issue of the Board resolution or position is necessary and should be completed,” Mr. Kerans emphasized.

“If you were to follow and we were to implement a budget that took the position that we would not visit denial of access on students who are academically prepared and could be admitted, that would drive our budget down even farther. At the $75 million, or an even lower level, and no change in the enrollment, you would find yourself with a quality index of probably 63 percent of the median and going south. There are consequences.”
“There is the tension between quality, access, and affordability, and the issue that you will grapple with and allow us to then carry forward, and I hope in a strong voice by you, is a clear policy that says we will not denigrate the academic experience of every student admitted in order to admit every student who would come to us. That would sacrifice the quality that you have said is the centerpiece of your work in the last year,” he continued.

Mr. Kerans reported that OUS was a part of a coalition to support the Oregon Opportunity Grant. “One of the products of that is the add-back shown in the Co-Chairs’ budget of $6 million to go to the Oregon Student Assistance Commission for financing of the Opportunity Grant.”

Finally, Mr. Kerans reported that Senate Bill 437, the Efficiency Act, has not yet been assigned to the Education Subcommittee and will be considered at the same time as the OUS budget.

Director Richmond asked for clarification of timelines for making contacts with legislative leadership, legislators, and the Governor. Mr. Kerans underscored that there are continuous contacts with all of the mentioned parties. Chancellor Jarvis remarked that he felt “very clearly instructed” in the messages the Board wants emphasized and the ways in which that should be done with the individuals and groups in Salem.

Director Bassett said he thought it was important to find ways in which the public-at-large “could hold the legislature accountable for considering education to be an option that we’ll exercise when we can afford it. They should be held accountable for how they characterize their commitment to education—at the bottom of the list—and not a core service, is about as marginal as it can be described.”

Director VanLuvanee suggested that there was a problem with the statement Director Bassett had made. “Every place in the country you have the same problem. It amazes me. You go to New York, you go to Boston, you go anywhere. I think we shouldn’t think and act like we’re treated worse than anywhere else. I would encourage everyone to, if you can, reach out and try to get a sense of it, but to not drive for it that we’re being treated worse. I think we’re being treated as well or better.”

“But we’re not,” replied Director Bassett. “The (Oregon) University System ranked last among all states in level of budget cut/budget appropriation. It represented an 11 percent cut.”

“I would just encourage us to not think that we’re in terrible shape and we’ve got to climb up. I’d say we’re in pretty good shape, and we have to climb up,” Director VanLuvanee concluded.

Director Bassett disagreed and indicated he wanted to go on record as saying, “I believe we’re in terrible shape and the chances of climbing up are, at the moment, remote.” Vice Chancellor Anderes indicated that he did not have a set of information
that presented the budgets of specific agencies. “However, what it does indicate is that of all of the reductions, we assume 15 percent of the total reductions, which is somewhat disproportionate to our share of the total state government,” he concluded.

Director Imeson reminded the Board that in the late 1990s, post-ballot Measure 5, there was a big disinvestment in higher education. Therefore, the base upon which we’re starting is different from where it is in many places.” In closing the discussion, President Lussier indicated that the “goal of this meeting was to be sure that the Chancellor and Mr. Kerans and all of the legislative liaison folks and the people who carry our message are clear on that message and that it will be carried in a timely way so that we have the maximum amount of effect in Salem, which is ultimately the venue.”

Nominating Committee
President Lussier announced that Director VanLuvanee had agreed to serve as Chair of the Nominating Committee. Other members of the Committee are Directors Barnett and Wustenberg. According to the Board’s Bylaws, the election of officers needs to occur prior to July 1, 2003.

10. PUBLIC INPUT
Jeff Seekatz, chief spokesperson for the SEIU Local 503 higher education bargaining team, addressed the Board on behalf of the 3,300 classified workers at the institutions within the System. He reminded the Board of the contributions of the members of his Union and urged that they be kept in mind as the Board works through budget issues.

He asked that individual Board members join in the Oregon Revenue Coalition that has been organized to address the budget shortfall. “As an equal partner in the higher education community, labor in general, and SEIU in particular, can help the University System in its goal to secure adequate funding for the valued services it and, by extension its workers, provide to the citizens of the state,” he urged. (A copy of Mr. Seekatz’s remarks are available in the Board’s office.)

Mr. Jeff Pullman indicated that he had been at Western Oregon University for a long while and has been a resident of the community for over 30 years. “The faculty and staff at the universities are the people who, through their commitment and hard work, make the System work.” He gave an example of a woman for whom getting a college education is very difficult. However, faculty support is making it possible for her to succeed and he fears the cuts in the System will cut those opportunities short.

11. ITEMS FROM BOARD MEMBERS
Many of the Board members thanked President and Mrs. Conn for the great visit to WOU. There was consensus that the gratitude of the Board should be expressed to all of the students and faculty who made the numerous presentations to the Board. Director Barnett remarked that, “We get so bogged down in Committees and piles of paper and it’s just wonderful to actually see students and programs, and it brings everything alive.”
Director Wustenberg acknowledged the “place that Western has in our part of the state and in the rural community, and the attention that they give to the students that enroll there.”

Director Lehmann commented that the discussion in the Strategic Planning Committee had been very productive. “As difficult as these issues are, I think we found a very collaborative, effective way to talk about them. I very much appreciated the student and presidents’ contributions to that discussion,” she concluded.

12. **DELEGATION OF AUTHORITY TO BOARD’S EXECUTIVE COMMITTEE**
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 May 16, 2003. The Executive Committee shall act for the Board in minor matters, and in any matter where a timely response is required prior to the next Board meeting.”

Board members agreed to the delegation of authority as stated.

13. **ADJOURNMENT**
The Board meeting adjourned at 12:27 p.m.

Virginia L. Thompson
Secretary of the Board

James T. Lussier
President of the Board