1. **Call to Order/Roll Call**

President Neil Goldschmidt called a regular meeting of the Oregon State Board of Higher Education to order at 9:55 a.m.

On roll call, the following Board members answered present:

- Donald Blair
- Bridget Burns
- Kirby Dyess
- Henry Lorenzen
- Tim Nesbitt
- Rachel Pilliod
- Geri Richmond
- Gretchen Schuette
- Howard Sohn
- Neil Goldschmidt

Absent: Director John von Schlegell

**System Office staff present:** Chancellor Richard Jarvis, Tom Anderes, Shirley Clark, Dave McDonald, Ben Rawlins, Virginia Thompson, and Susan Weeks.

**Others:** Presidents Dan Bernstein, Phillip Conn, Martha Anne Dow, Dave Frohnmayer, Dixie Lund, Ed Ray, and Elisabeth Zinser, and Vice Provost Bob Vieira were also in attendance.

Meeting attendees also included other institution representatives, members of the System Office, the press, and other interested observers.

2. **Conversations with the Board: Southern Oregon University**

**Docket Item:**
### Students: Fall 2003

<table>
<thead>
<tr>
<th></th>
<th>SOU</th>
<th>OUS</th>
<th>SOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall 2003 Headcount</td>
<td>5,505</td>
<td>79,558</td>
<td>6.9%</td>
</tr>
<tr>
<td>Total FTE enrollment</td>
<td>4,312</td>
<td>67,439</td>
<td>6.4%</td>
</tr>
<tr>
<td>Undergraduates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>° Percent 25 or older</td>
<td>24%</td>
<td>23%</td>
<td>7.8%</td>
</tr>
<tr>
<td>° Percent part-time (&lt;12 hours)</td>
<td>24%</td>
<td>22%</td>
<td>8.6%</td>
</tr>
<tr>
<td>Graduates</td>
<td>542</td>
<td>15,042</td>
<td>3.6%</td>
</tr>
<tr>
<td>° Masters, postbaccalaureate, non-admit</td>
<td>542</td>
<td>11,519</td>
<td>4.7%</td>
</tr>
<tr>
<td>° Doctoral, first-professional</td>
<td>0</td>
<td>3,523</td>
<td>0.0%</td>
</tr>
<tr>
<td>New undergraduate community college transfers</td>
<td>290</td>
<td>4,545</td>
<td>6.4%</td>
</tr>
<tr>
<td>Ethnicity</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>° African American</td>
<td>49</td>
<td>1,447</td>
<td>3.4%</td>
</tr>
<tr>
<td>° American Indian</td>
<td>115</td>
<td>988</td>
<td>11.6%</td>
</tr>
<tr>
<td>° Asian/Pacific Islander</td>
<td>198</td>
<td>5,306</td>
<td>3.7%</td>
</tr>
<tr>
<td>° Hispanic/Latino</td>
<td>213</td>
<td>2,802</td>
<td>7.6%</td>
</tr>
<tr>
<td>° White</td>
<td>4,368</td>
<td>58,467</td>
<td>7.5%</td>
</tr>
<tr>
<td>° Unknown</td>
<td>436</td>
<td>6,665</td>
<td>6.5%</td>
</tr>
<tr>
<td>° Nonresident Alien</td>
<td>126</td>
<td>3,883</td>
<td>3.2%</td>
</tr>
<tr>
<td>° Total annual unduplicated headcount (2002-03)</td>
<td>7,748</td>
<td>107,626</td>
<td>7.2%</td>
</tr>
</tbody>
</table>

### Degrees: 2002-03

<table>
<thead>
<tr>
<th></th>
<th>SOU</th>
<th>OUS</th>
<th>SOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>985</td>
<td>15,199</td>
<td>6.5%</td>
</tr>
<tr>
<td>° Associate</td>
<td>0</td>
<td>87</td>
<td>0.0%</td>
</tr>
<tr>
<td>° Bachelor's</td>
<td>731</td>
<td>11,063</td>
<td>6.6%</td>
</tr>
<tr>
<td>° Master's</td>
<td>254</td>
<td>3,433</td>
<td>7.4%</td>
</tr>
<tr>
<td>° Doctoral</td>
<td>0</td>
<td>357</td>
<td>0.0%</td>
</tr>
<tr>
<td>° First Professional</td>
<td>0</td>
<td>259</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

### Tuition & Fees: 2003-04

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
<td>$4,153</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>7,321</td>
</tr>
<tr>
<td>Nonresident</td>
<td>Undergraduate</td>
<td>12,823</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>12,571</td>
</tr>
</tbody>
</table>

**Resident Undergraduate Student Budget, 2003-04**

Total = $14,122

- Personal Expenses: $2,709
- Books & Supplies: $1,050
- Room & Board: $6,210
- Tuition & Fees: $4,153
Faculty: 2003-04  (Full-Time Ranked Instructional)

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Men</th>
<th>Percent of Total</th>
<th>Women</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>182</td>
<td>107</td>
<td>59%</td>
<td>75</td>
<td>41%</td>
</tr>
<tr>
<td>Professor</td>
<td>63</td>
<td>40</td>
<td>63%</td>
<td>23</td>
<td>37%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>59</td>
<td>39</td>
<td>66%</td>
<td>20</td>
<td>34%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>48</td>
<td>23</td>
<td>48%</td>
<td>25</td>
<td>52%</td>
</tr>
<tr>
<td>Instructor/Lecturer</td>
<td>12</td>
<td>5</td>
<td>62%</td>
<td>7</td>
<td>58%</td>
</tr>
</tbody>
</table>

Faculty: 2003-04  Average Compensation by Rank (includes salary and benefits)

<table>
<thead>
<tr>
<th></th>
<th>Total, All Ranks</th>
<th>Professor</th>
<th>Associate Professor</th>
<th>Assistant Professor</th>
<th>Instructor/Lecturer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>$67.4</td>
<td>$79.1</td>
<td>$66.0</td>
<td>$58.5</td>
<td>$48.1</td>
</tr>
</tbody>
</table>

Faculty and Staff: 2003-04

<table>
<thead>
<tr>
<th></th>
<th>SOU</th>
<th></th>
<th>OUS</th>
<th></th>
<th>SOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>704</td>
<td>100%</td>
<td>12,096</td>
<td>100%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Faculty*</td>
<td>288</td>
<td>41%</td>
<td>5,658</td>
<td>47%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Executive/administrative</td>
<td>57</td>
<td>8%</td>
<td>412</td>
<td>3%</td>
<td>13.8%</td>
</tr>
<tr>
<td>Professional non-faculty</td>
<td>181</td>
<td>26%</td>
<td>2,486</td>
<td>21%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Secretarial/clerical</td>
<td>88</td>
<td>13%</td>
<td>1,812</td>
<td>15%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Technical/paraprofessional</td>
<td>23</td>
<td>3%</td>
<td>719</td>
<td>6%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Skilled craft</td>
<td>20</td>
<td>3%</td>
<td>310</td>
<td>3%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Services/maintenance</td>
<td>47</td>
<td>7%</td>
<td>699</td>
<td>6%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

*Those holding academic rank with assignments of instruction, research, or public service.
### Annual Revenues and Expenditures: 2002-03

<table>
<thead>
<tr>
<th></th>
<th>SOU (in thousands)</th>
<th>OUS (in thousands)</th>
<th>SOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition &amp; fees</td>
<td>20,075</td>
<td>385,983</td>
<td>5.2%</td>
</tr>
<tr>
<td>Grants &amp; contracts</td>
<td>31,560</td>
<td>582,210</td>
<td>5.4%</td>
</tr>
<tr>
<td>All other</td>
<td>15,785</td>
<td>215,491</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Instruction</td>
<td>20,300</td>
<td>401,694</td>
<td>5.1%</td>
</tr>
<tr>
<td>Research</td>
<td>260</td>
<td>206,542</td>
<td>0.1%</td>
</tr>
<tr>
<td>Public Service</td>
<td>3,668</td>
<td>87,865</td>
<td>4.2%</td>
</tr>
<tr>
<td>All other</td>
<td>62,342</td>
<td>883,133</td>
<td>7.1%</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues (Expenses)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government appropriations</td>
<td>17,096</td>
<td>371,495</td>
<td>4.6%</td>
</tr>
<tr>
<td>All other</td>
<td>21,553</td>
<td>105,400</td>
<td>20.4%</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Net Assets</strong></td>
<td>19,420</td>
<td>50,614</td>
<td>38.4%</td>
</tr>
</tbody>
</table>
NOTE: The Power Point presentation made by President Zinser is posted on the Board of Higher Education web site.

President Goldschmidt reminded the Board that his goal was to have the conversations with the presidents concluded as quickly as possible to enable Board members to better understand their missions and goals.

Southern Oregon University President Zinser began her presentation by discussing the institution’s mission: a public liberal arts and sciences university providing access to quality education and scholarship; and a comprehensive regional university deeply engaged in shaping our region and being shaped by our region. SOU has a distinction in the fine and performing arts.

When people are asked why they relocate to southern Oregon, in particular those who come to retire, the answer is for the lifestyle and the culture of the area. “Culture and tourism are very strong and SOU has had a very large role in this regard,” the president noted.

President Zinser formed a portion of her presentation around the theme, “a region in transition” and highlighted seven aspects of the economy and how SOU is engaged in it. The areas were:

- Timber, Forests, Recreation, and Ecosystems: In the timber field, SOU is involved through opportunities in secondary wood products; rivers and mountains in science and policy development through areas such as fire management policy research and forest harvesting; and environmental studies and education programs;
- Pear Orchards (established) and Vineyards (emerging industry): shift from the established pear growing industry to the emerging vineyards;
- The Arts and Arts Businesses: through the Oregon Shakespeare Festival, the Britt Festival, the Southern Oregon singers, the Rogue Valley Symphony, the Chamber Music series; music through sophisticated technology in teaching piano and an internationally known piano star; sponsoring the American Band College; SOU and the fine arts through the Schneider Museum and work with youth of all ages through to a senior’s program and “Legends from Camp,” an animation of experiences in Japanese internment camps;
- Commercial and Retail through companies such as Lithia Motors, Inc., who work closely with the Career Center;
- SOU Region from Eugene to Mendocino: the “Mythical State of Jefferson” includes areas of California from Redding up through southern Oregon to Roseburg, an area covered by Jefferson Public Radio and including articulation with the College of the Siskiyous, Shasta College, and the College of the Redwoods;
- Health Care Industry including children and youth health education and programs for seniors;
Technology industry and SOU: programs ranging from computer science, ETIC, applied multimedia, cyber-security, and materials science, to name a few.

President Zinser reviewed for the Board the partnerships for innovation that SOU maintains. These include Rogue Community College with whom they are collaborating on programs as well as facilities. Board President Goldschmidt urged all presidents to familiarize themselves with the community college strategies in their areas. "I think that any place you can hit the touchstones that the Governor has asked the Board to pay attention to on access and on the question of excellence in delivery and productivity is highly recommended." President Zinser indicated that the Medford enrollment for SOU is growing so rapidly that she speculated that SOU would become a part of the building endeavors in which the community college is engaged.

SOU is engaged with K-12 and serves over 1000 students in an early entry program. In addition, they have some efforts directed specifically to Native American studies. Finally, SOU is engaged in collaborative programs with OHSU in the area of nursing and with OSU in the area of school counseling. The international enrollments at SOU have not declined. "We have a few very selected special relations," President Zinser pointed out. "The one that is clearly our jewel is the University of Guanajuato, Mexico, which has gone on for 35 years. We have well over 200 graduates.

"It is very clear, and I bring it here in this very public setting, that Southern Oregon University has a great asset to bring to the table in trade relations and work with Mexico. I doubt there is any other relationship that could stand up to the depth and scope and years of this one in the efforts that have been made," the president noted.

Director Sohn asked to what extent SOU presents itself as a liberal arts college. President Zinser responded that the word liberal is frequently misunderstood. "We haven’t gotten to the point yet where we are prepared to drop the words because a liberal arts institution is a liberal arts institution and it is grounded in a strong proportion of its majors being in the liberal arts and sciences. It can be very contemporary, very interdisciplinary in nature, and there is a growing effort on the national level to distinguish the public liberal arts institutions because they have never really been distinguished."

3. APPROVAL OF MINUTES

Meeting of the Executive Committee of the Board, February 10, 2004

Before approving the minutes, President Goldschmidt acknowledged the presence of former OSU President John Byrne, "an extraordinary citizen. And Bob Adams, who served on the State Board of Higher Education, is here and he was a great Board member on a very fine Board of Higher Education."

Director Pilliod moved that the minutes of the Executive Committee meeting of February 10, 2004, be approved. Those voting in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, Schuette, Sohn, and Goldschmidt. Those voting no: None.
4. **CONSENT ITEMS**

   a. **OSU—Master's of Business and Engineering in Construction Engineering Management**

**DOCKET ITEM:**

Oregon State University proposed to offer an instructional program leading to the Master’s of Business and Engineering (M.B.E.) in Construction Engineering Management (CEM), effective immediately. The proposed program, offered through the Department of Civil, Construction, and Environmental Engineering, would be the only one of its kind in the state. Currently, Portland State University offers the M.S. in Engineering Management and OSU offers the CEM option in its Civil Engineering master’s degree program. OSU, PSU, and the University of Oregon offer business programs leading to the M.B.A.

Graduates of the proposed program will have an improved understanding of the links between construction engineering management and business and will be prepared for construction engineering management careers in industry, regulatory agencies, consulting firms, and municipalities.

The proposed program was developed with assistance from the Oregon-Columbia Chapter of the Associated General Contractors of America and the industry advisory board of the CEM program. Students will complete a total of 45 graduate credits, including 18 credits from the College of Business (e.g., Financial and Cost Analysis, Information Management, Financial Markets and Institutions, Building Customer Relationships), 20 credits in construction engineering management (e.g., Risk Management in Construction, Construction Business Management, Project Controls), a 4-credit internship, and a final oral examination. The internship topic will be approved for its academic content by the student’s major professor prior to beginning the activity. The remaining credits may be from business, CEM, or any other approved courses. A total of six new CEM courses are proposed to support the program. No new College of Business courses are proposed.

Admission to the program will be limited to those with a current civil engineering, construction engineering management, or equivalent baccalaureate degree; or three years of professional construction industry experience and any undergraduate degree. OSU anticipates that many students will work towards their M.B.E. degree while continuing employment with construction firms. These individuals will be expected to implement academic concepts from their coursework in the workplace, measure and analyze the outcomes, and publish results through the internship capstone process. To allow working students to pursue the degree, the program is designed to be completed over two years on a part-time basis, or one year if enrolled full time. OSU anticipates 36 graduates of the CEM program over a five-year period.
The construction industry is a significant segment of Oregon’s economy, responsible for the design, construction, and renovation of all homes and multi-family housing, public works, and manufacturing and retail businesses. Although the proportion of construction industry managers with bachelor’s degrees similar to OSU’s CEM program has grown over the last 30 years, significant numbers of construction industry managers have no formal education in project management or business principles.

The proposed program offers an example of leveraging industry/donor funds through university partnership efforts. Funded primarily through an endowment developed by retired contractor Robert C. Wilson, the faculty member hired for a new endowed chair will serve as program director. In accepting the Wilson donation, the OSU College of Engineering agreed to contribute additional funds annually to fully support the Wilson Chair and to meet the objectives of the program. No additional faculty are required to implement the program. All current staff, facilities, equipment, and resources are sufficient to offer the program.

An external review team composed of Larry Grosse, professor, Manufacturing Technology and Construction Management, Colorado State University; J. Mark Taylor, Burns School of Real Estate and Construction Management, Daniels College of Business, University of Denver; and Howard Bashford, associate professor, Del E. Webb School of Construction, Arizona State University, conducted a site visit and evaluation of the proposed program in October 2003. The review team concurred with OSU’s assessment that demand for this program and its graduates is high, that faculty numbers and expertise are appropriate, and that this program will provide a unique offering in the U.S. by providing both construction engineering and business management instruction in equal measure.

The team offered several recommendations, largely around administration and growth of the program, to which OSU has responded. For example, the team recommended creation of an advisory board that combined business and construction industry members. OSU agreed to create such a board within the first year of the program. The team’s recommendation to “investigate the opportunity to create a partner program in Portland” had already been considered by OSU. PSU, including conversations with the deans of the Colleges of Engineering and Business, had previously developed a liaison with OSU.

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

**Staff Recommendation to the Board**

Staff recommended that the Board authorize Oregon State University to establish a program leading to the M.B.E. in Construction Engineering Management. The program would be effective immediately and the OUS Office of Academic Affairs would conduct a follow-up review in the 2009-10 academic year.
BOARD DISCUSSION AND ACTION:
This item was part of the consent agenda. Final action noted on page 89.

b. UO—Moss Street Property

DOCKET ITEM:

Executive Summary

Purpose:
University of Oregon (UO) sought Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to complete the proposed purchase of a private residence, located at 1801 Moss Street in Eugene, Oregon, from the University of Oregon Foundation, for a maximum of $240,000 plus closing costs. The proposed property acquisition is located within the approved campus boundary and will provide the space required for development of a student residence, as outlined in the campus master plan. The University will use existing Systemwide spending limitation and will not require further legislative authorization for the transaction. The University expects to use $240,000 of Article XI-F(1) bond proceeds to cover the purchase price and closing costs. Debt service on the 30-year bonds is estimated at $15,000 per year. The acquisition is subject to satisfaction of several standard terms and conditions.

Background:
This site, comprised of approximately 8,640 square feet (approximately 0.2 of an acre), is strategically located in an area designated for future campus expansion. The property includes a single-family residence that will be used for student housing until the land is needed for other University uses. However, it is especially timely to purchase the property, as it is one of four remaining properties in a campus area that is in the process of being rezoned from low density housing to public land for phased development of medium density residential housing, offices, or other support functions.

Staff recommendation:
Staff recommended that the Board approve the University of Oregon’s request to purchase the private residence, located at 1801 Moss Street, Eugene, Oregon, from the University of Oregon Foundation, for $240,000 plus closing costs, assuming all conditions are met and that the final purchase details are agreed upon by all parties, and subject to final approval by the Senior Vice Chancellor for Finance and Administration.

FURTHER DETAIL

Summary:
University of Oregon (UO) seeks Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to complete the proposed purchase of a private residence, located at 1801 Moss Street in Eugene, Oregon, from
the University of Oregon Foundation, for a maximum of $240,000 plus closing costs. The proposed property acquisition is located within the approved campus boundary and will provide the space required for development of a student residence, as outlined in the campus master plan. The University will use existing Systemwide spending limitation, and will not require further legislative authorization for the transaction. The University expects to use $240,000 of Article XI-F(1) bond proceeds to cover the purchase price and closing costs. Debt service on the 30-year bonds is estimated at $15,000 per year. The acquisition is subject to satisfaction of several standard terms and conditions.

Staff Report to the Board:

Background
The property is a 948 square foot, two bedroom, one bath home currently operated as a rental unit. It is in good shape and is located near the southern edge of the campus.

The University began purchasing lands east of Agate and South of 15th (commonly referred to as the east campus area) over 40 years ago for institutional expansion, and the established campus boundaries have not changed since that time. To date, the University has purchased all but nine of the properties within this area.

Roughly half of the property consists of single-family dwellings and half is institutional development. The area is bounded on one side by the University campus, on another side by a commercial district, and on two sides by a mature residential neighborhood.

During the past 20 years, much development has occurred in the area including construction of the Museum of Natural History, removal of the WW II surplus structures dating to the 1950s, and construction of the Bean Hall parking lot, the Knight Law Center and its open spaces, the Olum Child Care Center, and the East Campus Graduate Village.

Statement of Need:
The limited amount of land remaining within the central academic core must be reserved for future academic instructional functions. That leaves future student housing and support services (such as administrative offices and other non-instruction functions) without viable development sites. Most recent estimates predict a need for approximately 500,000–600,000 additional gross square feet over the next 20 years. Enough land appears to be available in the east campus area to accommodate these needs without sacrificing an appropriately beautiful transition between University uses and the surrounding residential neighborhood.

Recognizing the University’s future development needs could not be met without altering the current land use policies that define allowed uses and development densities for University-owned lands in the east campus area, the University has recently completed a plan for the area that will allow phased development of the land while at the same time preserving the character of the neighboring residential areas.
The University’s president has adopted the new policy, which is an extension of the University’s master plan. Appropriate changes to the metro area and city land use regulations needed to enable the plan are currently being reviewed by the City of Eugene, with adoption expected in early March 2004.

Following the adoption of the land use regulations, the University will apply for rezoning of the land.

The purchase of this property within the east campus area will allow the University to rezone it with the other University-owned land, thereby saving a later effort and maximizing the work accomplished to date. It will also allow for more efficient development of the area in the future, as this parcel will be a part of the campus proper. Finally, the Eugene market will continue to escalate with time, making a purchase at this time most cost effective.

**Schedule:**
Closing to occur on or before April 30, 2004.

**Financial Considerations:**
The UO Foundation had been in negotiations with the owner of the property for about six months and purchased the property in mid-December. These negotiations took place in an especially inflationary Eugene real estate market. The University has had the property appraised by two separate appraisers and the average of these is $183,500. In view of the timeliness of acquiring the property to enable the rezone and eventual expansion of housing and other University uses, and the added value to the University of obtaining property surrounded by other University property, the purchase price can be justified.

**Legal Considerations:**
Several conditions remain open and must be satisfactorily resolved prior to settlement. These conditions include, but are not limited to, the following items:

**Buyer - UO**
- Approval by the State Board of Higher Education.
- Receipt of a satisfactory Level I environmental report.
- Conveyance approved by the Assistant Attorney General and executed by the Board President and Secretary.

**Staff Recommendation:**
Staff recommends that the Board approve the University of Oregon’s request to purchase the private residence, located at 1801 Moss Street, Eugene, Oregon, from the University of Oregon Foundation, for $240,000 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 Senior Vice Chancellor for Finance and Administration, or designee.

BOARD DISCUSSION AND ACTION:

Director Burns moved that the consent agenda be approved as presented. Those voting in favor of the motion: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, Schuette, Sohn, and Goldschmidt. Those voting no: None.

5. DISCUSSION ITEMS

(NOTE: A copy of the PowerPoint presentation is available on the OUS Web site.)

a. Oregon Values—Focus Groups

President Goldschmidt introduced Adam Davis of Davis, Hibbitts & Midghall, Inc. He indicated that Mr. Davis is a graduate of Oregon higher education, both of Portland State University and the UO Law School. “The reason for us taking a lot of time today to look at these studies is that the foundation for us of reconnecting the Governor’s agenda has to run as a road through this work. We have to understand what is happening to the citizenry in Oregon, what they think, and what they care about,” President Goldschmidt pointed out.

“The original Oregon Values Study was done almost a decade ago and a series of subparts of it were done in even more detail because there were folks in some regions who were quite eager for a more detailed and thorough look at themselves done on the subjects that the Values Study took under consideration. The fact that it (the study) was done originally is quite extraordinary. The fact that it has been done again is very important for us because we have an opportunity to see what’s happened in the intervening period of time on the subjects that were covered in the first document.”

Mr. Davis began with some background on the study indicating that it included some large groups as well. “We did the quantitative work that involved interviewing 1200 Oregonians with an in-depth instrument. We followed up that quantitative research with nine group discussions across the state of Oregon and it allowed us to put some flesh on the bones. In these groups, we had anywhere from 15-25 people,” Mr. Davis explained.

When participants were asked what they valued most about living in their community, the largest majority responded, “small town feel/community involvement. Good education and public schools showed up at four percent.” The weather was another important factor.

When asked what makes the community a better place to live, small businesses and colleges and universities were at the top of the list. Mr. Davis pointed out that there is a real distinction in how people feel about big business and large corporations. “I wanted to share with you what a dramatic role, especially in the more rural communities in this
state, the perception, the important contribution colleges and universities make to the fabric of the community. In these areas, they are really appreciated and recognized."

The building blocks that Oregonians see to a better future and to a healthier state economy are improved K-12 education, more affordable and accessible higher education, reduction in health care costs, expansion of engineering and technical education, and increased workforce training. “You count them,” Mr. Davis said. “Four out of five in the top five relate to education.”

The answer to the question, “does the public make a connection between having a quality environment, making this state attractive for businesses to want to come here, and for their workforce to enjoy that quality environment,” is yes. That is the strategy they support. On the question of tax reform, the state is clearly divided. One philosophy, Mr. Davis reported, is that to stimulate the economy relative to public services, funding increases in business and corporate taxes are necessary. The other philosophy is that increase in business and corporate taxes will diminish business investments, limit job creation, and ultimately reduce the amount of taxes generated to fund public services.

When people were asked which area is more important to the quality of life where they live, high value was placed on accessible hospitals/health care and a community committed to quality education. When asked what government service is important regardless of cost, primary/secondary education was at the top and higher education was number four. Mr. Davis shared his top ten findings:

10. The cost of higher education and tuition;

9. The perception is very different regarding colleges and universities and community colleges in rural areas than it is in urban areas – there is a stronger connectedness on the part of the people living in rural areas with a local institution than there is in the bigger urban areas;

8. There is a lot of questioning regarding priorities – how can they build the big buildings and I can’t afford to send my child to college;

7. The question of tenure is important to many people who view it as something about which they don’t agree because it interferes with having a tight, accountable system;

6. Technology is seen as a panacea – you don’t need more money, you just need to use technology more wisely;

5. Economic development is seen as important and is accompanied by a sense that big business is not paying its fair share and more support needs to go to small businesses;

4. Cost of higher education and tuition issues are very important;

3. K-12 is one of the primary issues for Oregonians;

2. There is a difference between the input of a focus group with registered voters and a focus group with the general population – and where there should be about 25-40 percent of 18-34 year olds voting, it is now below 10 percent;
1. Finally, the question needs to be asked, “who do you need the support of in the ballot booth or at the kitchen table?”

Former State Senator Neil Bryant commented that there is a pervasive attitude that tax dollars in Oregon are misspent. “If that’s the attitude of most Oregonians, anyone in government has a problem with credibility and somehow that has to be changed,” he observed.

Director Blair expressed concern about finding a way, “that we can link the cost of these things that people say are important to the things they say are important. It is a little bit of a free lunch syndrome,” he observed. “People don’t tend to link things that they are going to have to pay for to their value system.” Mr. Adams observed that too many people feel that government has enough money and that it is simply a matter of spending it better.

Continuing, Director Blair asked if “there is anywhere in your experience in Oregon or outside Oregon where the voters have expressed the opposite? The level of confidence that the money is spent effectively or is this something that is just endemic to the process?” Mr. Davis indicated that there are certain services that are a priority. One, for example, is the 9/11 phenomena and what it has meant for fire and emergency and police. “There was a lot of education that took place – you could question the validity of that – but you look at what is going on across the nation relative to those kinds of services and you see people being very supportive of maintaining those services.”

President Goldschmidt reflected that Mr. Davis’ presentation was a precursor to a discussion the Board would want to have with the presidents once Neil Bryant is farther along in his work. “Where do we go, given the fact that we know we are dumbing down our state if we don’t grow the supply of the excellence of what we do in community colleges and universities. The answer is that I don’t think we know but the proposal that you are hearing from those of us who have spent a fair amount of time with the Governor on this is, get this access/affordability issue to an agreement—fast.

“The Governor has given us permission, he has certainly encouraged the community colleges to do the same, to produce a capital list. We have a lot of deferred maintenance and some serious issues about if we’re going to have more students on the campuses, exactly where do they sit and do they have classes. But you saw from this polling work what the risk is – we might be very clever and be able to get something out of the legislature and get something done with no vote of Oregonians and ultimately have them saying what they apparently said to Mr. Davis, which is, ‘I don’t understand. If they’re starving, why can they afford these new buildings?’” President Goldschmidt mused.

President Goldschmidt indicated that little progress would be made without an enormous effort from Oregon students. “I think then, by implication, we don’t get the students where we would like them to go and their leadership would like to get them in terms of voter registration without an unprecedented partnership with the faculty and
leadership on the campuses. I don’t like the feel of this election process in which the people who stand to benefit the most and have the greatest need that would be met by the proposals that are going to be made are not going to be registered and will not show up at the polls.

President Ray asked if there were a very clear proposition for how to provide access to affordable education, would it pass or if “people were simply frustrated by the affordability/access issue because of the high cost of tuition, but they believed that the value was there in terms of higher education?” Mr. Adams indicated he really wanted to emphasize that Oregonians greatly value higher education as a service different from other services. “I think you are perceived with a much greater degree of credibility. You do start with some pluses, but I don’t want that to cloud it for you to not say that you don’t have a hard road ahead as it relates to some of these other issues related to efficiency and perception,” he concluded.

b. Preliminary Report on Advocacy and Legislative Campaign (Neil Bryant)

Former Senator Bryant recalled for the Board his early involvement in higher education through the Board’s 2010 initiative of 1993 when he was a legislator. “The hot issue dealt with technology and where it was going and distance learning and whether it would be practicable and would it reduce costs. Access was an issue because tuition had increased as higher education was starting to go down as a priority,” Mr. Bryant reflected.

“There is an acknowledgement by the universities and by the Chancellor’s Office that, for whatever reason, the message that was given in the 2003 legislative session, especially in the appropriation process, was not understood or well received and it got worse as the session went on,” he said. “If we can craft a budget message and explain the RAM and maybe have two different models, one of the revenue model and one of the allocation model, that’s a huge step forward.”

President Goldschmidt indicated that he had started scheduling conversations with legislators to begin dialogue with them in previewing the things that the Board is focusing on so that no one is surprised by the proposals coming from the Working Groups. He indicated that it was not in the Board’s best interest to work on things that legislators don’t like and which may cause consternation. It was indicated that Mr. Bryant would, in the longer term, be proposing to the Board how to organize these legislative functions in the Chancellor’s Office.

DOCKET ITEM:

Staff Report to the Board
The OUS Budget and Management Office develops the Agency Request and Capital Construction budgets, based on the requirements of the Oregon Department of Administrative Services instructions.

The presentation focused on the information contained in the 2005-2007 OUS Budget Process document and the Budget Development Schedule, both attached. The Agency Request Budget, comprised principally of Current Service Level and Policy Package components, and the Capital Construction Budget, including information on project requests by campus by building category and by program goals, are both scheduled for discussion at the May and June Board meetings and for adoption at the July 16, 2004, Board meeting.

2005-2007 OUS Budget Process
The Oregon University System (OUS) Budget and Management Office develops the Agency Request and Capital Construction budgets according to Department of Administrative Services (DAS) instructions.

The Agency Request Budget process is comprised principally of the following elements:

- Current Service Level (CSL): DAS requires a biennial budget for OUS in aggregate based on CSL. CSL represents the amounts necessary to continue authorized programs adjusted to reflect 1) the 24-month cost of salary and benefit increases awarded during the current biennium; 2) the 24-month cost of programs implemented during the 2003-2005 biennium; 3) the incorporation of inflation factors (DAS approved); and 4) adjustments for one-time funding.

- From March through May 2004, the Budget Office will develop the 2005-2007 CSL in conjunction with the campuses. Results of CSL development will be presented to the Board as part of the Agency Request Budget at the July 16, 2004, meeting.

- Policy Package Development: Program changes and policy initiatives requiring an increase in budget are submitted to DAS as Policy Packages. Most of these requests will be generated through the Board Committees this spring. The Budget Office will provide instructions and assistance in developing the requests.

- Policy Package drafts will be one to two page concept papers that include a description of the request, how it supports the Governor’s and Board’s initiatives, expected outcomes, performance indicators, and a budget outline. The Board will review these drafts at the May 7th and June 4th, 2004, meetings. Final Packages
will be submitted as part of the Agency Request Budget for Board approval at the July 16, 2004, meeting.

- **Budget Reduction Proposal:** All state agencies are required by statute to submit 10 percent budget reduction proposals with agency request budgets. The OUS proposal will be submitted as part of the Agency Request Budget for Board approval at the July 16, 2004, meeting.

- The CSL plus Policy Package requests and the Reduction Proposal constitute the Agency Request Budget, which must be submitted to DAS and the Governor by September 1, 2004.

The **Capital Construction Budget process** is made up primarily of the following parts:

- **Scope:** DAS requires an OUS Capital Construction Budget that covers the ensuing three biennia.

- The Budget Office will develop the 2005-11 Capital Construction Budget document based on campus requests during March and April 2004. The budget will be reviewed by the Board at the June 4, 2004, meeting and submitted for Board approval at the July 16, 2004, meeting.

- **Categories:** The budget request is compiled from a standard database that presents projects by campus by building category, as follows: Education and General, Auxiliary, Student Building Fee, and Systemwide projects.

- **Goals:** The request is defined by three capital program goals: Quality Facilities, Enrollment Growth, and Program Needs.

The **Agency Request** and Capital Construction budgets are subsequently modified through discussions with DAS and the Governor’s Office and incorporated into the Governor’s Recommended Budget, which the Budget Office must submit to DAS in December 2004 for presentation to the 2005 legislative session.

**Legislative Concepts** are policy changes and initiatives that require changes in legislation. These concepts support the Governor’s policy initiatives and must receive DAS approval. Drafts are due to DAS by April 15, 2004. Concepts with a fiscal impact must be linked to a Policy Package in the Agency Request Budget.

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**Budget Development Schedule**

**2005-2007 Biennial Budget**

<table>
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<th>Date</th>
<th>Event</th>
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| March 3, 2004 | Campus Budget Officers Meeting  
| March 4, 2004 | Board Committee background discussion on tuition and fees          |
March 22, 2004  Campus Tuition and fee proposals due to OUS Budget Office
April 8, 2004  Board discussion of tuition and fee issues
April 15, 2004  Campus budget information due to OUS Budget Office
               Capital Project proposals due to OUS Budget Office
               Legislative Concepts due to DAS
April 30, 2004  Campuses submit COP Finance Request forms to OUS
May 7, 2004  Board review of draft Policy Packages
May 14, 2004  OUS submits COPS Requests to DAS
               Current Service Level
June 4, 2004  Board approval of 2004-05 tuition and fees
               Board review of capital project proposals
               Continuing Board discussion of Policy Packages
July 5, 2004  Deadline for a July 9th docket mail out to Board members for the July 16,
               2004 meeting.
July 16, 2004  Presentation of 2005-2007 OUS Request Budget document to Board for
               approval and adoption.
September 1, 2004  Last date for OUS Budget and Management to submit 2005-2007 OUS
                   Agency Request Budget document to DAS.
December 2004  Last date for OUS Budget and Management to submit 2005-2007
               Governor’s Recommended Budget document to DAS.
January 2005  Legislative Session begins
March 2005  Presentation of Governor’s Recommended Budget to Ways and Means
June 2005  Legislature adopts a final 2005-2007 budget for OUS.

BOARD DISCUSSION:
Building on the presentation in the Finance Committee, Senior Vice Chancellor Anderes
walked the Board through the budget process, highlighting the requirements and the
timeline for final submission of the budget. He indicated that the Policy Package is the
key vehicle by which the products of the Working Groups are translated into specific
initiatives. “In the end,” Dr. Anderes pointed out, “we are going to need some fairly good
descriptions, expected outcomes, performance indicators, and a budget outline.”

Continuing, Senior Vice Chancellor Anderes reminded the Board that the capital
construction budget is a very different kind of review process. A six-year plan is
developed to give a better sense of, given the nature of capital and so forth, where campuses want to go. “This is all an outcome of the master planning process that each of the campuses go through. You are going to be seeing projects that extend well beyond the two year time frame that you will be seeing in the operating budget.”

President Goldschmidt asked that Director Blair and Dr. Anderes plan for a time when there could be an extended discussion of the types of bonds involved and the process for preparing capital construction budgets. “Don Blair will bring the Board a proposal for how we will organize our relationship to this effort. I think one or more of our Board members needs to be sitting through this process at a very high level of understanding of what these projects are. The Governor, I think, is prepared to have both the community colleges and us do something. That doesn’t mean that he’ll agree that is what he finally wants to submit, but we need to do a terrific job with this.

“I don’t think we’re going to get anybody to say yes without really having ourselves pretty tightly wound and, in the case of the community colleges, I think, frankly, they would like to push back from this as a partnership with us. If they do, they do. But I think, actually, both of us will reduce our chances of doing well if we do it,” he concluded.

In referring to a comment made by President Ray, President Goldschmidt indicated a desire to get some feedback from the institution presidents on regulatory issues. He asked the Chancellor to work with the presidents to identify the top three or so flexibility strategies the institutions would like to have to determine if there needs to be some Policy Packages to effect some changes. “What I want to know is whether or not any of these require legislative action to statutorily fix them or whether the Board has the power to address them by itself. If we can do it, then the schedule to get to the legislature becomes less critical and if we need their involvement, then it ought to go.”

Director Blair wondered, “Is there more work we need to do in that respect around ways for us to explicitly seek productivity as well as demonstrate our efficiency? I think, certainly looking at it in the budget environment we’re in, if we don’t actually go in and look at how we execute the fundamentals that we are doing today, I don’t think we’re going to have the credibility necessarily to go forward with a set of Policy Packages.

“Maybe what we can do is have this conversation at our next meeting as to how we can tailor our process a little bit to get a little more focus against the base activities,” Mr. Blair indicated. He went on to suggest that the Board’s focus on capital projects has to be very tight with a carefully prioritized list of what the Board feels needs to be done. The items need to explain very explicitly the capital budget and the priorities as the Board sees them.

Director Blair asked for clarification about the “budget simplification group” that Neil Bryant mentioned in his remarks. Senior Vice Chancellor Anderes indicated it was an outgrowth of the last legislative session to determine how the Board members can look at the issues and problems that have been identified and then find ways to resolve
them. “The word ‘simplification’ came about because of the sense that what was presented was too complex, not understood, and just not getting through. A lot of this has to do with the RAM and what it is and what are peers.”

President Goldschmidt added that this had to do with the fact that legislators believe OUS is hiding revenue and that it’s showing up later and the System likes to keep some aspects of the budget out of the conversation while at the same time we’re doing fees and fee remissions.” He underscored the importance of providing timely, honest answers regarding tuition, fees, and scholarships.

6. REPORT ITEMS

Election of Executive Committee Member
President Goldschmidt indicated he had asked Director Schuette to be a member of the Executive Committee.

Director Lorenzen moved that President Schuette be elected to serve on the Executive Committee. Those voting in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, Schuette, Sohn, and Goldschmidt. Those voting no: None.

a. Standing Committees

i. Academic Programs – No report.

ii. Finance/Budget/Audit/Personnel/Real Estate (Don Blair)

Director Blair reported on the first meeting of the Finance Committee. There was a presentation about the Optional Retirement Plan (ORP), which is becoming uncompetitive in the market place. The answer will probably require some legislative changes and I think the proposal is that we would have some preliminary thoughts in April,” Chair Blair explained.

Director Nesbitt asked if there had been a lawsuit filed about the defined contribution retirement plan. Mr. Ben Rawlins, General Counsel for the System, explained “when the rates were changed as a result of the contribution on behalf of the state to PERS, concerns were expressed by several employee groups because the rates were changed at that time. Those concerns have been formalized in terms of a complaint, and lawsuit, that has now been filed. This is my understanding, although we are awaiting the official served copy of it.” Mr. Rawlins explained that it is filed under wage theory relating to the retirement benefits.

Mr. McGee from the Department of Administrative Services made a presentation concerning the budget process. The third report was on tuition and fees for the 2004-05 academic school year. Finally, there was a presentation on a preliminary plan for
building a new Oregon State University energy plant, which is scheduled to come to the Board in June.

The third topic was a discussion of preliminary thinking around tuition and fees for the 2004-05 academic year. Chair Blair explained that the Board will further discuss this topic in April and Board approval will be required in June. “I think the sensibility was that we would be able to stay within the guidance given to us by the legislature, so that seems to be on track.”

b. Working Groups

   i. Academic Excellence/Economic Development (Kirby Dyess)

Director Dyess reported that the Working Group had confirmed their charge and the depth of the work in which they would be engaged. The Group agreed to the idea that they needed to look at both short and long term results. Staff have worked on a concept to look at the opportunities before the Working Group. Exploring partnerships will be a large part of the work of the group. One of the focuses is developing and commercializing research that will result eventually in business.

There are many partners involved in the Working Group, including OCKED. Most of the community groups that are working on economic development are tied into the whole process.

Director Dyess reported that there are seven members of the Working Group and one more yet to be identified. “Each person on the Working Group will champion one to three areas of opportunity. The champion is essentially going to be responsible for making sure that we have the right subcommittee in place; in other words, we have the experts in the field working with us.” It was pointed out that some of the concepts will take longer to develop, but there is a hope that a few of them may be ready for a more in-depth discussion by June.

   ii. Access/Affordability (Tim Nesbitt)

Director Nesbitt indicated that the agenda of his Working Group revolved around the Governor’s priority of access. From that, the Group has developed more refined goals and objectives. “We want to make postsecondary education more affordable and we want to do that by putting more money in the pockets of students to secure the postsecondary education of their choice, but we also want more students to be able to secure that education,” Director Nesbitt pointed out.

He reported that the Working Group wants all schools, all systems (public and private), to join in the effort. “We recognize that not all the objectives for access can be accomplished through increasing need-based financial aid. We will also be looking to Director Schuette’s group for other ideas.” The plan for the Working Group is to have a proposal to the Board by the June meeting. He went on to explain that he reassured
potential coalition partners that the Board of Higher Education is not going to seek to divert existing state General Fund revenue to fund this access proposal. “That doesn’t mean we don’t compete for General Funds—all programs and ideas do—but we don’t want to go forward thinking we’re going to carve out a slice of funding from an already shrunken revenue budget.”

A final point was that the Working Group will be looking at all the resources available to enroll, persist, and complete a degree or certificate program in the postsecondary education world and that includes contributions by the student, family, federal government (in the form of grants and loans), state government, postsecondary institutions themselves, and philanthropy.”

Director Pilliod asked what considerations the Group was giving to the Oregon Opportunity Grant. Director Nesbitt indicated that the Opportunity Grant represents the framework within which they will be working. Director Burns added that a difference is that the Working Group has “made the decision to move toward an access-based grant—meaning not differentiated among institution costs. It would be a flat grant. I think that our goal was for it to be a need-based flat grant instead of what it is currently.”

iii. Chancellor’s Office Review (Neil Goldschmidt)

Vice President Richmond reported that the Chancellor’s Office Review Working Group had met for the first time the day before. The task of the Working Group is, in the next 30-60 days, to review the function of the Chancellor’s Office and make recommendations for reductions in the range of $3.5 million. “Because of these cuts, it means that some of the Chancellor’s Office employees will not be renewed after the first of July. Given today’s date and the need to make this a careful and thorough review, we agreed that we have no plans to terminate any employee in the Chancellor’s Office prior to June 30.” Working Group members were given assignments to look at various areas of the Chancellor’s Office and report their findings by the April meeting.

Vice Chair Richmond indicated that the first step is to propose a Chancellor’s Office structure that is significantly reduced in size but with the capacity to carry out the functions that the Board believes are the highest priority “Given the immediate need to have the structure to assist in carrying out the Governor’s initiatives, the initial structure that we come up with and recommend will likely, but not necessarily, need to be a transition structure that is a hybrid of what we need now and what we need long term,” she highlighted.

iv. Excellence in Delivery & Productivity (Gretchen Schuette)

Director Schuette reported that the Working Group had developed a broad set of stakeholders who respond by e-mail between meetings. “We have accumulated support for five, six, or seven areas of potential action items and will be working over the next two weeks to get clearer about them, how we would approach the action, and what, if any, would be the associated costs. We’re hoping to have the highest priority possible legislative packages and also some policy actions that would be recommended from the
Group.” Director Schuette indicated that the Working Group needs to move quickly but for the success of any legislative packages, she agreed with Director Blair that there needs to be a clear context about the overall budget request, good information concerning efficiency, and cost savings, to name a few.

7. REPORTS

- **Interinstitutional Faculty Senate President (Dr. Peter Gilkey)**

NOTE: the full text of Dr. Gilkey’s comments is online at http://darkwing.uoregon.edu/~ifs/dir04/Remarks05Mar04.html.

Dr. Gilkey reminded the Board that although every effort is made to protect the instructional core, the incremental damage that is done to the service and support functions is measurable and does degrade the quality offered. In terms of faculty salaries, OUS is almost at the bottom of the list. “All state employees of Oregon have a salary freeze. This universality leads to a strong commonality of sacrifice. However, the OUS faculty do wish the very real sacrifice that we are making for the common good be recognized and acknowledged,” Dr. Gilkey pleaded.

Another area causing morale problems is the Optional Retirement Program. For those faculty caught in this, their total compensation has been reduced by 7.6 percent.

On a positive note, Dr. Gilkey pointed out that student enrollments are up to historical highs and, among the students, there are many who are very talented and hard working who seek the transformation in their lives that higher education can offer.

- **Oregon Student Association President (Andy Saultz)**

NOTE: A copy of the complete OSA report may be obtained from the Board’s Office.

President Saultz publicly thanked President Zinser for her efforts on the new voter registration project. OSA has set a goal of registering 25,000 new voters by November and the support of the institution presidents is appreciated by OSA.

In addition, President Saultz thanked Director Nesbitt for inviting OSA to the table to participate in the Access Working Group. “The short term solution to financial aid is the Oregon Opportunity Grant,” he emphasized. “The program should be a flat grant as we discussed specifically in the Access Working Group. High school graduates, transfer students, and non-traditional students should all be eligible for the grant.”

Mr. Saultz indicated that the other important facet of access is tuition. “We need to make sure that legislators understand the cause and effect if they slash funding for community colleges and OUS. They will be pricing students out of education.” Finally, OSA urges that the tuition plateau policy be revisited to determine how it specifically affects the Board’s goals of more, better, faster.
8. **CHANCELLOR AND UNIVERSITY PRESIDENTS’ REPORT**

Chancellor Jarvis reminded the Board and participants that the OUS website was relaunched. “It’s an extraordinary amount of work and I would like to acknowledge Di Saunders’ work in that area and a lot of other people who did a great job.”

President Conn reported on the launch of the Salem Repertory Theater and the involvement of WOU in that effort. He pointed out that WOU had been instrumental in the development of the Theater along with the theater programs at Chemeketa Community College and Willamette University. “It’s just another example of where a theater program within a university can develop a program that will not only give our students internships, acting opportunities, but we are talking now about theater camps and workshops. All of this brings together the creative arts ability of our region to help in something that benefits the entire community.” President Conn highlighted the 17th annual Criminal Justice Careers day that drew approximately 200 high school students to the campus along with 25 different organizations that came as exhibitors and presenters.

EOU will be experiencing the tangible results of a collaboration involving the local foundation, the EOU booster club, private donations, and the La Grande Downtown Merchants in the form of very colorful school banners that will be decorating main street and access roads to the campus. President Lund indicated that EOU is celebrating International Women’s Week and the choir has been raising about $80,000 in private funds to return to Ecuador during spring break. They have received a financial gift from the American Embassy in Ecuador to help them meet their goal. The indoor track and field contestants are performing at the nationals in Tennessee and the women's basketball team will be in national competition in Sioux City, Iowa.

President Frohnmayer shared the story of an undergraduate student, Tahirih Motezedian, who recently reviewed thousands of pictures of Mars in an effort to identify areas in which potentially water had been or might be discovered. The rover, Discovery has, in fact, validated Ms. Motezedian’s theory. Upon graduation, she will be interning at NASA for a year and then go to MIT. “This is one case where the research of an undergraduate already has made enormous contributions to our understanding.”

Dr. Robert Viera, Vice Provost for Student and Academic Affairs, represented OHSU at the Board meeting. He indicated that OHSU is facing reductions as a result of the failure of Measure 30. “Provost Hallick has been meeting with our deans and that’s producing some incredible new ideas as to how we might adjust our curriculum across the different professional schools and how we might cooperate across the schools.” He expressed his appreciation to the Board on the approval of the biomedical engineering program. This is brain awareness week and it will culminate in a Brain Fair at OMSI. Finally, Dr. Viera applauded the work of the Board on accessibility and affordability and quality and productivity. He indicated he was a product of Oregon higher education and understood what it meant to have access to public higher education.
President Goldschmidt indicated that Director Dyess had agreed to serve as the Board of Higher Education’s representative to the OHSU Board. Her name will be forwarded to Governor Kulongoski who will, if he agrees, recommend her for confirmation.

President Ray reported on a meeting of the alumni of Oregon State University, the University of Oregon, and Portland State University in Washington, D.C. There were over 200 people in attendance and Governor Kulongoski was the keynote speaker. Ms. Gale Hazel was introduced as the individual responsible for the majority of the arrangements for the Board meeting. The Board added its thanks to her, President Ray, and many others for their efforts.

OIT’s men’s basketball team was number two in the Cascade Conference and the women’s Basketball team will be traveling to Branson for the national tournament. OIT dental hygiene students are returning during spring break to Costa Rica and various other locations. The community of Klamath Falls funded them with support from Rotary and several other institutions. They focus their work on with orphaned children and others who never see a dentist.

President Bernstine was in Dubai during the time of the Board meeting and was represented by Provost Mary Kay Tetreault. President Bernstine was on a fund raising/development initiative to raise funds for an endowed chair for Nohad Toulan who is retiring. In this regard, he hosted the first ever reception for over 50 alums. PSU hosted a visiting scholar, Robert Putnam, who has written a second book, “Better Together.” The book shows how Portland is an exception to the national trend and how PSU is engaged in community efforts. “He labeled us as a ‘Detroit of civic engagement’ and called us the industry leader.”

President Zinser commented that Congressman Greg Walden and Deputy Eugene Hickock, U.S. Department of Education, had been in the southern part of the state discussing the No Child Left Behind act and issues related to K-12 and higher education.

9. **PUBLIC INPUT**

Robert Wagner, Director of Government Relations for the American Federation of Teachers Oregon, indicated that their membership includes the faculty at Western Oregon University, the adjunct faculty at PSU, the graduate teaching fellows at the University of Oregon, and graduate employees at Oregon State. With him was Rosemary Powers, president of the newest union of faculty and librarians at Eastern Oregon University, who shared a letter and some brief comments about bargaining a first contract at EOU and some perspectives on the challenges faculty and librarians face at EOU.

Dr. Powers began by, on behalf of the members, the faculty, and librarians of Eastern Oregon University, congratulating President Goldschmidt on his appointment as chair of the Board and to all the new members as well. “We want you to know of our confidence in the Board and that we at Eastern look forward to working together to help you
achieve your goals. I want to thank you for the opportunity to address you today and to talk about the difficulties we face in our actions at Eastern Oregon University.

“We’ve recently formed a union and formed other groups in our Oregon System and to this end we are working with the representatives of President Lund, who is here today, and Provost John Miller, who is in the audience, and others in the Chancellor’s Office on our first collective bargaining agreement and we are making important progress. The main stumbling block to our moving forward on this agreement is the strategy adopted by Governor Kulongoski and the legislature that advocated for a freeze on the salary of each individual public employee. This Systemwide freeze, if successful, will compound the preexisting crisis in faculty compensation, particularly in relation to higher salaries at private and out-of-state universities. This situation, combined with the escalating cost of in-state public education for our students, disproportionately affects Eastern Oregon University. While the defeat of Measure 28 and the decisions of the Oregon legislature resulted in student tuition increases at all our universities, Eastern Oregon University’s 24 percent increase far exceeded those at its sister institutions. Eastern Oregon University serves the portion of Oregon that is least able to pay for and has the least local access to higher education in our state. Eastern Oregon University’s enrollment for the 2003-04 academic year declined by 3.8 percent making it the only OUS institution to have such a decline in enrollment.

“As Peter Gilkey said earlier, Eastern Oregon University faculty have the lowest salaries and compensation for our group of national comparator institutions for the 2002-03 year and further, our salaries and compensation are approximately 88 percent of those of SOU and WOU. With Eastern ranked at the bottom, our salaries are an average of 81 percent of our peer institutions across the country and, if not corrected, this situation will become intensified over the current biennium.

“We need your help to address this impact of this crisis in faculty compensation, which has created both internal and external equity issues. These issues already pose difficult recruitment and retention problems for faculty search committees and campus administrators. The faculty salary crisis impacts directly on the crisis on student access to public education and we urge you, as members of the Board, to encourage and support the efforts of our administration in this direction.

“In addition, we ask your support for an industry standard agreement for Eastern Oregon University faculty and librarians that preserves the strengths of the existing institution and lays the foundation for our mutual goal of attracting and retaining excellent academic professionals. Our union believes this would be impossible unless we all work together to solve the enrollment and faculty salary crisis during this biennium.

“In conclusion, we’re committed to working with our administrators, with Dr. Lund and Dr. Miller, who are here today, and with our peers in sister Oregon University System campuses, the legislature, the Governor, and this Board of Higher Education to
advocate for faculty and librarians and to speak up for our students and for the future of quality public education. We thank each of you in advance for your consideration of these matters and look forward to working with you to maintain and strengthen the commitment to public education in our state. Thank you very much.”

Chair Goldschmidt asked President Lund if she had any remarks.

President Lund reiterated what Professor Powers said, “that Eastern leadership, assisted by collective bargaining individuals from the Chancellor’s Office, is engaged in very deliberate discussions at the bargaining table to begin moving salary levels forward after the Governor’s freeze is lifted. We have not reached agreement with the union on the administration’s plan to do so but we continue to bargain in good faith with the hope of reaching agreement soon.”

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

Bridget Burns moved approval of the following Delegation of Authority:

> 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. 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.

Those voting in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Richmond, Schuette, Sohn, and Goldschmidt. Those voting no: None.

11. **ADJOURNMENT**

The meeting adjourned at 2:00 p.m.

Virginia L. Thompson  
Secretary to the Board

Neil Goldschmidt  
Board President