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

   Vice President Geraldine Richmond called the regular meeting of the Oregon State Board of Higher Education to order at 9:45 a.m.

   On roll call, the following Board members answered present:

   - Don Blair
   - Rachel Pilliod
   - Bridget Burns
   - John von Schlegell
   - Kirby Dyess
   - Gretchen Schuette
   - Henry Lorenzen
   - Howard Sohn
   - Tim Nesbitt
   - Geri Richmond

   **System Office staff present:** Chief Operating Officer Jon Yunker, Senior Vice Chancellor Tom Anderes, Dave McDonald, Ben Rawlins, Virginia Thompson, and Susan Weeks.

   **Others:** Presidents Dan Bernstine, Philip Conn, Martha Anne Dow, Khosrow Fatemi, Dave Frohnmayer, Dixie Lund, Ed Ray, and Elisabeth Zinser.

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

   Vice President Richmond reported that Neil Goldschmidt had announced his resignation from the State Board of Higher Education for personal reasons. “Neil played a key role in getting us assembled on a new track and giving us fuel to get that train started. For that we are very grateful and we share the Governor’s response yesterday that we owe him a great debt for his service. There is no doubt that his departure leaves a momentary vacuum, but as we all know from our favorite introductory physics courses, nature abhors a vacuum. If there is anything I have learned in the past several months of working with these Board members, it is that these team members are ultimate type A personalities who live and thrive on challenges and developing strategies for solving problems,” Dr. Richmond continued.

   Jon Yunker, the Chief Operating Officer, was introduced and Director Richmond said he would serve over the next six months in a transitional role.
2. **PRESIDENTS’ CONVERSATION WITH THE BOARD: WESTERN OREGON UNIVERSITY**

WESTERN OREGON UNIVERSITY
PREAMBLE AND MISSION STATEMENT

**PREAMBLE**

Western Oregon University (WOU), a member of the Oregon University System, is the only mid-size public, comprehensive university in the Willamette Valley, the state's population center. It is Oregon's oldest public university. WOU offers exemplary programs in the liberal arts and sciences, teacher education, criminal justice, business administration, computer science, and fire services administration in a caring and nurturing learning environment. WOU works to ensure the success of Oregon through partnerships with community colleges; other OUS institutions; state, local, and national governments; and communities across the state.

**MISSION**

Western Oregon University provides a comprehensive higher education experience, including teaching, learning, and research activities, cultural opportunities, and public service. Campus and distance education programs prepare students to contribute to the economy, culture, and society of Oregon, the nation, and the world.

- WOU offers exemplary undergraduate programs in the creative arts, natural sciences, mathematics, humanities, social sciences, teacher education, criminal justice, business administration, computer science, and fire services administration, and graduate programs in criminal justice, teacher education, and other areas.

- WOU's curriculum fosters the knowledge, skills, and attitudes that characterize a liberally educated person and provide a foundation for a lifetime of learning.

- WOU's academic programs offer close student, faculty, and staff interaction; interdisciplinary teaching, research opportunities, and internships with public and private sectors.

- WOU promotes diversity and respect for individuals in all endeavors.

- WOU provides national leadership in research and policy development through the Division of Teaching Research, the Regional Resource Center on Deafness, and the National Clearinghouse for Deaf-Blindness.

- WOU fosters partnerships with state and local governments, exemplified by the campus-based Oregon Military Academy and Oregon Public Safety Academy.
• WOU enriches the lives of Oregonians through cultural offerings; educational resources; lifelong learning opportunities; and NCAA, Division II intercollegiate athletic competition.

Approved by the Oregon State Board of Higher Education on December 17, 1999

DRAFT: Developed during Strategic Planning, 2003-04

**CORE VALUES OF WESTERN OREGON UNIVERSITY**

Western Oregon University’s core values center on its commitment to student success; to that end, we adhere to the following core principles:

**Teaching and Learning:**
- Teaching by experienced, highly qualified faculty in small, personalized settings
- A broad array of majors and specialty courses in the context of a robust and meaningful liberal arts core curriculum
- Academic experiences that include internships, research, and service learning
- Individualized support and advising for all students to foster success in the classroom and beyond
- Graduates prepared to meet the economic and societal needs of the State and region

**Health, Campus Community, and Environment:**
- Campus life rich with personal and academic opportunities
- Connections with our alumni that engender pride, loyalty, and good will
- Partnerships that broaden our vision, increase our potential, and enhance our relationships
- An atmosphere of collegiality and mutual respect
- Technology strategies and capacities to enhance teaching, learning, communication, and campus management

**Academic Freedom and Diversity:**
- The open expression of thoughts, beliefs, and attitudes, both in and out of the classroom setting
- Active communities of learning representing a population of diverse people and perspectives
- Access for traditional and new populations of students to foster a quality workforce and well-educated citizens

**Fiscal Health, Accountability, and Continuous Improvement:**
- Cost-effectiveness and the pursuit of additional funding sources to enhance the campus and to expand educational opportunities
• Systems in place to facilitate timely graduation and affordable tuition
• Rigorous application of ongoing evaluation to improve all aspects of campus life, assure quality, and make decisions based on data
• Restructured processes and innovative strategies to assure high quality in the face of current fiscal challenges in higher education
WESTERN OREGON UNIVERSITY
Student Access/Success Information

<table>
<thead>
<tr>
<th>ENROLLMENT</th>
<th>NUMBER OF STUDENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003 Enrollment</td>
<td>#</td>
</tr>
<tr>
<td>WOU</td>
<td>5,032</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>American Indian</td>
</tr>
<tr>
<td>Men</td>
<td>Asian/Pacific Islander</td>
</tr>
<tr>
<td>International</td>
<td>Black</td>
</tr>
<tr>
<td></td>
<td>Hispanic</td>
</tr>
<tr>
<td></td>
<td>Caucasian</td>
</tr>
</tbody>
</table>

Extended Programs and Summer Session
2002-2003 Enrollment
Number of Students (duplicated head count) | 4,203
Student Credit Hours | 18,836

Undergraduate Studies
Fire Services Administration
Study Abroad
Misc. Undergrad Course

Graduate Studies
MS in Education/MAT
ESOL/Bilingual Endorsement
Continuing Teaching Licensure & Advanced Proficiency Documentation
CREADE
Transition to Teaching w/Salem-Keizer Public Schools
MS in Rehabilitation Counseling

Quality Metrics
Freshmen-to-Sophomore Retention Rate | 71%
6-Year Graduation Rate | 42%
Average Time to Graduate | 4.8 Years
Student/Faculty FTE Ratio | 20:1
% Classes with Less than 20 Students | 46%
% Classes with Greater than 50 Students | 6%
% Graduates Employed One Year after Graduation | 88%
% Students Highly Satisfied with University Experience | 81%

Student Success Programs
K-12 Programs
- Upward Bound Program
- Mel Brown Jazz Workshop
- Swim Camps
- Young Musicians’ Program
- Oregon Junior Academy of Science
- Teaching Research Children’s Center
- Teaching Games and Physical Activities to Children Program

On-Campus Programs
- Student Enrichment Program
- Academic Advising and Learning Center
- Writing Center
- PLUS Team
- WOU Freshmen Experience
- Center for Teaching and Learning
- Education Evaluation Center
- Regional Resource Center on Deafness

Oregon State Board of Higher Education
Page 181
**Western Oregon University**

**Fourth Week Statistics**

**Week Ending 10/24/03**

<table>
<thead>
<tr>
<th>Percentage Change from</th>
<th>Fall 2002</th>
<th>Fall 2003</th>
<th>Fall 2002</th>
<th>Fall 2001</th>
<th>Fall 2000</th>
<th>Fall 1999</th>
<th>Fall 1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Students-Headcount</td>
<td>--</td>
<td>5032</td>
<td>5030</td>
<td>4878</td>
<td>4731</td>
<td>4515</td>
<td>4519</td>
</tr>
<tr>
<td>Total Students-FTE</td>
<td>-1.2</td>
<td>4386</td>
<td>4439</td>
<td>4341</td>
<td>4121</td>
<td>3943</td>
<td>3954</td>
</tr>
<tr>
<td>New Freshmen</td>
<td>+17.2</td>
<td>925</td>
<td>789</td>
<td>814</td>
<td>841</td>
<td>769</td>
<td>713</td>
</tr>
<tr>
<td>New Transfers</td>
<td>-5.5</td>
<td>466</td>
<td>494</td>
<td>509</td>
<td>511</td>
<td>518</td>
<td>534</td>
</tr>
<tr>
<td>Total New Students</td>
<td>+8.5</td>
<td>1391</td>
<td>1283</td>
<td>1323</td>
<td>1352</td>
<td>1287</td>
<td>1247</td>
</tr>
<tr>
<td>Total Freshmen</td>
<td>+10.4</td>
<td>1352</td>
<td>1225</td>
<td>1235</td>
<td>1194</td>
<td>1161</td>
<td>1070</td>
</tr>
<tr>
<td>Sophomores</td>
<td>-9.8</td>
<td>799</td>
<td>886</td>
<td>815</td>
<td>758</td>
<td>740</td>
<td>793</td>
</tr>
<tr>
<td>Juniors</td>
<td>-2.2</td>
<td>929</td>
<td>950</td>
<td>919</td>
<td>926</td>
<td>881</td>
<td>881</td>
</tr>
<tr>
<td>Seniors</td>
<td>-1.7</td>
<td>1208</td>
<td>1232</td>
<td>1228</td>
<td>1126</td>
<td>1119</td>
<td>1065</td>
</tr>
<tr>
<td>Graduate Students-Full Time</td>
<td>+22.5</td>
<td>190</td>
<td>155</td>
<td>114</td>
<td>101</td>
<td>113</td>
<td>104</td>
</tr>
<tr>
<td>Graduate Students-Part Time</td>
<td>-13.2</td>
<td>210</td>
<td>242</td>
<td>209</td>
<td>213</td>
<td>154</td>
<td>169</td>
</tr>
<tr>
<td>Special Students-Undergrad*</td>
<td>+15.3</td>
<td>85</td>
<td>72</td>
<td>76</td>
<td>132</td>
<td>73</td>
<td>66</td>
</tr>
<tr>
<td>Special Students-Graduate*</td>
<td>+52.8</td>
<td>162</td>
<td>106</td>
<td>160</td>
<td>140</td>
<td>134</td>
<td>225</td>
</tr>
<tr>
<td>Oregon Citizens</td>
<td>+1.2</td>
<td>4565</td>
<td>4511</td>
<td>4389</td>
<td>4219</td>
<td>4070</td>
<td>4010</td>
</tr>
<tr>
<td>International Students**</td>
<td>-16.7</td>
<td>75</td>
<td>90</td>
<td>93</td>
<td>85</td>
<td>87</td>
<td>107</td>
</tr>
<tr>
<td>Non-citizen Alien Resident**</td>
<td>+2.8</td>
<td>73</td>
<td>71</td>
<td>56</td>
<td>47</td>
<td>33</td>
<td>27</td>
</tr>
<tr>
<td>Total from Underrepresented Groups</td>
<td>+3.9</td>
<td>511</td>
<td>492</td>
<td>478</td>
<td>420</td>
<td>432</td>
<td>458</td>
</tr>
<tr>
<td>American Indian/Alaskan Native</td>
<td>+14.8</td>
<td>62</td>
<td>54</td>
<td>59</td>
<td>56</td>
<td>73</td>
<td>68</td>
</tr>
<tr>
<td>Asian American/Pacific Islander</td>
<td>-1.8</td>
<td>109</td>
<td>111</td>
<td>112</td>
<td>96</td>
<td>117</td>
<td>127</td>
</tr>
<tr>
<td>African American</td>
<td>+5.7</td>
<td>74</td>
<td>70</td>
<td>72</td>
<td>61</td>
<td>47</td>
<td>55</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>+3.5</td>
<td>266</td>
<td>257</td>
<td>235</td>
<td>207</td>
<td>195</td>
<td>208</td>
</tr>
<tr>
<td>On Campus-Student Housing</td>
<td>+10.6</td>
<td>1219</td>
<td>1102</td>
<td>1029</td>
<td>1029</td>
<td>1044</td>
<td>1011</td>
</tr>
</tbody>
</table>

*Non-admitted students include: WOU staff; high school students approved to take college level courses; DEP students; students approved to take courses for use at another institution or life-long learning. Not working toward a degree or licensure. Limited to eight credit hours or less per term.

**Assessed out-of-state tuition.
### Students: Fall 2003

<table>
<thead>
<tr>
<th>Category</th>
<th>WOU</th>
<th>OUS</th>
<th>WOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total FTE enrollment</td>
<td>4,324</td>
<td>67,439</td>
<td>6.4%</td>
</tr>
<tr>
<td>Undergraduates</td>
<td>4,470</td>
<td>64,516</td>
<td>6.9%</td>
</tr>
<tr>
<td>Bachelor's</td>
<td>655</td>
<td>11,063</td>
<td>5.9%</td>
</tr>
<tr>
<td>Master's</td>
<td>167</td>
<td>3,433</td>
<td>4.9%</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>313</td>
<td>4,545</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

#### Ethnicity

<table>
<thead>
<tr>
<th>Category</th>
<th>WOU</th>
<th>OUS</th>
<th>WOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>74</td>
<td>1,447</td>
<td>5.1%</td>
</tr>
<tr>
<td>American Indian</td>
<td>62</td>
<td>988</td>
<td>6.3%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>155</td>
<td>5,306</td>
<td>2.9%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>266</td>
<td>2,802</td>
<td>9.5%</td>
</tr>
<tr>
<td>White</td>
<td>4,086</td>
<td>58,467</td>
<td>7.0%</td>
</tr>
<tr>
<td>Unknown / Multiple Ethnicities</td>
<td>320</td>
<td>6,665</td>
<td>4.8%</td>
</tr>
<tr>
<td>Nonresident Alien</td>
<td>69</td>
<td>3,883</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

### Degrees: 2002-03

<table>
<thead>
<tr>
<th>Category</th>
<th>WOU</th>
<th>OUS</th>
<th>WOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>823</td>
<td>15,199</td>
<td>5.4%</td>
</tr>
<tr>
<td>Associate</td>
<td>1</td>
<td>87</td>
<td>1.1%</td>
</tr>
<tr>
<td>Bachelor's</td>
<td>655</td>
<td>11,063</td>
<td>5.9%</td>
</tr>
<tr>
<td>Master's</td>
<td>167</td>
<td>3,433</td>
<td>4.9%</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

( based on 15 credit hours for undergraduates and 12 credit hours for graduates)

- Resident undergraduate: $4,305
- Resident graduate: 7,614
- Nonresident undergraduate: 12,570
- Nonresident graduate: 12,858

### Resident Undergraduate Student Budget, 2003-04

Total = $13,536

- Tuition & Fees: $4,305
- Room & Board: $5,976
- Books & Supplies: $1,080
- Personal Expenses: $2,175
Faculty: 2003-04 (Full-Time Ranked Instructional)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
<th>Percent of Total</th>
<th>Percent of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>155</td>
<td>88</td>
<td>67</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Professor</td>
<td>34</td>
<td>23</td>
<td>11</td>
<td>68%</td>
<td>32%</td>
</tr>
<tr>
<td>Associate Professor</td>
<td>55</td>
<td>28</td>
<td>27</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>Assistant Professor</td>
<td>51</td>
<td>29</td>
<td>22</td>
<td>57%</td>
<td>43%</td>
</tr>
<tr>
<td>Instructor/Lecturer</td>
<td>15</td>
<td>8</td>
<td>7</td>
<td>53%</td>
<td>47%</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Rank</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></td>
<td>$69.1</td>
<td>$81.0</td>
<td>$69.0</td>
<td>$58.5</td>
<td>$50.4</td>
</tr>
</tbody>
</table>

Faculty and Staff: 2003-04

<table>
<thead>
<tr>
<th>Rank</th>
<th>WOU N</th>
<th>WOU %</th>
<th>OUS N</th>
<th>OUS %</th>
<th>WOU's % of OUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>737</td>
<td>100%</td>
<td>12,096</td>
<td>100%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Faculty*</td>
<td>412</td>
<td>56%</td>
<td>5,658</td>
<td>47%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Executive/administrative</td>
<td>19</td>
<td>3%</td>
<td>412</td>
<td>3%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Professional non-faculty</td>
<td>119</td>
<td>16%</td>
<td>2,486</td>
<td>21%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Secretarial/clerical</td>
<td>83</td>
<td>11%</td>
<td>1,812</td>
<td>15%</td>
<td>4.6%</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>16</td>
<td>2%</td>
<td>310</td>
<td>3%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Services/maintenance</td>
<td>65</td>
<td>9%</td>
<td>699</td>
<td>6%</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

*Those holding academic rank with assignments of instruction, research, or public service.

Campus Facilities: 2003

- Total all facilities: 26
- E&G facilities: 757,184 gsf*
- Percent built between 1960-1975: 25%
- Percent of E&G in deferred maintenance: 5%

(in millions)
- Total current replacement value: $146
  - E&G plant: 105
  - Auxiliary enterprises: 31

*gsf = gross square feet

**Current Project:**
- New agricultural, health & life sciences center (Badgley Hall)

**Facilities Needs:**
- Classroom, lab modernization
- Code, deferred maintenance
- Student services remodel in Inlow Hall
- New library
- New classroom buildings (2)
- Grand staircase remodel
- New residence hall
Ten Major Areas of Emphasis toward Adding to the Quality, Productivity, and Distinctiveness of Western Oregon University

I. Strengthening Academic Quality and Accreditation Status

II. Concentrating on Outstanding Baccalaureate and Pre-Professional Programs, Complemented by Select Masters Degree Programs

III. Offering an Uncommon “Total Collegiate Experience” for Students (including co-curricular activities, undergraduate research, and service learning opportunities)

IV. Reaching Optimal Levels of Student Enrollment and Diversity through Effective Recruitment and Retention Efforts

V. Sustaining a Personalized and Supportive Institutional Culture

VI. Achieving an Extraordinary Degree of International, Multicultural, and Multiracial Integration

VII. Building a University-Wide Role and Reputation in Leadership Development for Students

VIII. Extending the University’s Service, Visibility, and Influence throughout Oregon, with Special Attention to the Communities of Polk County as the Home Area and Salem as the Nearest Urban Hub

IX. Enhancing the Quality of the Living-Learning Community on Campus and Maintaining an Attractive and Functional Campus Environment

X. Advancing Philanthropic Support and Alumni Involvement

Presented by Philip W. Conn in State of the University Address, September 2003

Intended for Campus-Wide Consideration, Discussion, and Refinement in the Context of Strategic Planning and Program Development
SIXTEEN ELEMENTS OF THE CLAIMED CHARACTER AND DESIRED IMAGE OF WESTERN OREGON UNIVERSITY

WESTERN OREGON UNIVERSITY IS:

1) Academically Reputable
2) Instructionally Strong
3) Programmatically Varied (academic offerings)
4) Occupationally Relevant
5) Presentationally Accessible (locations, times, formats)
6) Interpersonally Responsive
7) Ethnically Diverse
8) Socially Enjoyable (campus life)
9) Athletically Competitive
10) Organizationally Unified
11) Operationally Efficient
12) Behaviorally Innovative
13) Dimensionally Optimal (size and ratios)
14) Physically Sound (functional and attractive facilities)
15) Financially Affordable
16) Technologically Advanced

Board Presentation and Discussion
President Conn connected the interests and priorities of Western with those of the Board. Access and affordability have always been of great import to the institution. “Over 1,000 of our students are now from Salem,” he highlighted. Approximately 200 students transfer from Chemeketa Community College and another 171 transfer from four-year institutions. The total number of transfer students is 701. A co-admission agreement has just been finalized with Clatsop Community College In addition, President Conn noted that half of the student body continues to be first generation
students. Over recent years, WOU has awarded some type of financial aid to 75 percent of the students. “We are concerned about affordability,” President Conn indicated, “and toward that end we are making plans to increase our philanthropic funding of scholarships.”

WOU continues to have a 71 percent freshman persistence rate, with aspirations to move to a higher percentage. There is a wide range of activities and programs that support student success and emphasis continues to be put in this area. To enable students to complete their degree in a shorter timeframe, they are working toward a true summer quarter concept for the summer session.

A large percentage of WOU graduates remain in Oregon, an important aspect of enrichment to the economy. “We estimate that roughly 20 percent of all K-12 teachers in Oregon have graduated from Western Oregon University,” President Conn pointed out.

“In conclusion, I will merely say that we are strongly committed to what we feel is a distinctive mission. We think we fill a role in the Willamette Valley that complements that of the larger institutions. They are roughly four times our size, but we give an alternative for 5,000 students that we think is extremely important and we are tremendously excited about our promising future,” President Conn concluded.

When asked by Director Lorenzen what the major stumbling block is to allowing transfer between community colleges and WOU, President Conn replied that it is getting faculties to agree what courses are comparable and, therefore, should be accepted openly as being the same whether offered at one institution or another.

3. APPROVAL OF MINUTES

- Special Board Meeting, March 31, 2004
- Executive Session Meeting, March 31, 2004
- Regular Board Meeting, April 2, 2004
- Executive Committee Meeting, April 15, 2004

Director Dyess moved that the minutes of the four meetings be approved as submitted. Those voting in favor of the motion: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, von Schlegell, Schuette, Sohn, and Richmond. Those voting no: none.

3. ACTION ITEMS

- Full Board

a. Proposed Administrative Rule on Transfer of Sick Leave (OAR 580-021-0041)

Staff Report to the Board
The Human Resources Services Division (HRSD) of the Department of Administrative Services requested that institutions of the Oregon University System (OUS) allow exiting OUS employees to transfer accumulated, unused sick leave to hiring agencies of the state
of Oregon. HRSD cooperates with all other state agencies to permit transfer of sick leave earned in service to the State of Oregon and wishes to extend the same benefit to OUS employees who accept state employment. OUS institutions accept sick leave balances from other state agencies, but curtailed transferring leave in 1997, after state and OUS personnel systems separated under provisions of SB271.

Adoption of this temporary rule would allow the prompt adoption of its provisions while other amendments to OAR 580-031-0040 – Sick Leave Plan for Academic Personnel – are finalized.

Recommendation to the Board
Staff recommended that the proposed rule be adopted as a temporary rule to respond in a timely manner to the request from DAS HRSD.

580-021-0041
Transfer of Accumulated, Unused Sick Leave

(1) OUS academic and administrative unclassified staff may transfer unused accumulated leave balances between the OUS and state agencies, subject to sick leave transfer provisions in (3) and (4), and applicable collective bargaining agreements.

(2) For purposes of this rule, a “state agency” includes all state agencies in the executive, judicial, or legislative departments of the State of Oregon. Special government bodies, including community colleges, school districts, education service districts, are not considered state agencies for purposes of this rule. Local government public employers other than state agencies are likewise ineligible to transfer unused leave to or from the OUS.

(3) Assumption of Funding Liability. Hiring agencies and departments assume funding liability for sick leave transferred under the provisions of this rule.

(4) Sick Leave. The full amount of accumulated, unused sick leave available at the time an employee separates from service may be transferred to an OUS institution or state agency when the employee is hired. Unearned, advanced sick leave that results in a negative sick leave balance is neither transferred nor accepted by OUS institutions.

a. Accumulated, unused state agency sick leave earned during employment with a state agency, including leave earned in classified service, may be transferred to the hiring OUS institution if the break in service does not exceed two years, subject to approval of the hiring institution.
b. Accumulated, unused sick leave earned during employment with an OUS institution shall be transferred to the hiring state agency if the break in service does not exceed two years, subject to the rules of the state agency.

Stat Auth: ORS 351.070
Rules Relied On: OAR 580-020-0100(5), OAR 580-021-0040

BOARD DISCUSSION AND ACTION:
Ms. Denise Yunker, OUS Human Resources, briefly summarized the proposed rule. “The University System had been out of this practice since passage of Senate Bill 271,” she explained, ”and this is a request to reinstate that opportunity for employees to retain sick leave balances when transferring from or to another state agency.”

Director Dyess asked if there was a cost associated with this change. Ms. Yunker observed that the cost is a “specific provision in the clause that says that the receiving agency then assumes liability for sick leave.”

Director Nesbitt was concerned about consistency between represented and unrepresented employees in terms of these arrangements. Joe Sicotte, Associate Vice Chancellor, OUS Human Resources, responded, “I believe the SEIU contract is with the Department of Administrative Services, all the state agencies and the higher education contract have the same provisions for the transfer of sick leave.”

Director Sohn moved approval of the staff recommendation. On roll call the following voted in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, Schuette, and Sohn. Director Richmond abstained because of a possible conflict of interest and Director von Schlegell abstained because of a lack of information.

b. Chancellor’s Office Restructuring

DOCKET ITEM:

Overview of Chancellor’s Office Reorganization

The proposed Chancellor’s Office reorganization is designed to focus the office on the development and implementation of policy, institutional objectives, management reporting and control systems, planning and analysis capability, and communications and government relations. The Chancellor’s Office will continue to be responsible for Systemwide auditing, budgeting, and allocation of General Funds. In addition, the Chancellor’s Office will continue to perform those functions required of it by statute.

The Chancellor’s Office should provide the maximum autonomy and flexibility to the institutions while maintaining its commitment to the public purposes for which it was founded. It is imperative that the Chancellor’s Office operates in a truly consultative relationship with the presidents of the seven universities. The role of the Chancellor’s Office should be to focus on policy, advocacy, strategy, incentives, and accountability for
educational outcomes, leaving the universities more freedom to mount programs and offer services in any way so long as they are consistent with their Board-approved mission and will serve the state's educational goals.

To the extent feasible, the Chancellor's Office will divest itself of the responsibilities for providing service functions and technical support. The desirability to maintain Systemwide standardization and economies of scale will impact upon the nature and extent of the activities ultimately retained. Emphasis will be placed on shifting the development and implementation of academic programs to the university, college, or other affected agency entity. However, the Chancellor's Office staff will provide coordinating support to assure that the desired Board programs and initiatives are effectively communicated and implemented.

Often there will be no bright line separating what functions and activities are most appropriately carried out in the Chancellor's Office as opposed to the university level. The fundamental philosophy behind the reorganization proposal is to concentrate the activities of the Chancellor's Office on higher-level policy, operation, and management issues.

**Issues of Consideration in the Chancellor's Office Reorganization**

**Introduction**

In mid-1991, the Oregon State System of Higher Education (OSSHE) Board formed the Board Administrative Review Committee (BARC) to conduct a comprehensive review of OSSHE operations and costs. BARC authority to make recommendations for changes was based on a budget note in Oregon Senate Bill 5519, which required OSSHE to conduct a comprehensive review of its Systemwide operations, including the Chancellor's Office.

In regard to the Chancellor's Office, BARC was asked to comply with the SB 5519 budget note directive to:

“...identify budget cuts of up to 50 percent; and investigate the feasibility of eliminating the Chancellor's Office function altogether.”

(BARC Exec. Summary p. i.)

Composed of several OSSHE Board members, other Oregon citizens, and members from the colleges and universities within the System, BARC obtained the services of *KPMG Peat Marwick* to help them with their work.

As the study of the Chancellor's Office progressed, it became clear that cost savings approaching the SB 5519 mandated 50 percent could not be obtained without redefining the role of the Chancellor’s Office. Indeed, BARC found that many within the Chancellor's Office, leaders on the OSSHE campuses, and legislative leaders agreed that if the Chancellor's Office were to be kept, it should be reorganized to improve its: “Advocacy,” “Policy, Standards and Coordination,” and “Strategy and Planning”
functions while it “...divests ‘Direct Service’ and ‘Technical Expertise’ functions.” (IBID. p. iii.)

BARC did not recommend a specific new structure for such a reorganized Chancellor’s Office, but it did recommend reductions in Chancellor’s Office “Direct Services” and “Technical Expertise” functions, the cost of which at the time was $4.1 million. BARC also recommended that the role of the Chancellor’s Office should change from a provider of central administrative services to a policy and advocacy role and that the change “…could result in the elimination of most of the costs associated with these services.” (IBID. p. iii.)

More than ten years have passed since the BARC study. In the interim, some important efficiencies in the Chancellor’s Office have been made. Efficiencies in accounting procedures, data management, and a greater ability for universities to operate more independently in some budget matters have been helpful and welcome changes. These changes notwithstanding, it may have been unreasonable to expect a complex organization like the Chancellor’s Office to change itself. The essential concerns raised by BARC remain unchanged. The Chancellor’s Office continues to operate as an administrative and technical service provider to universities. There are times when the “layering” of expensive administrative activities that BARC found in the OUS staff duplicates expertise found on the campuses. The emerging advocacy and policy roles for the Chancellor’s Office remain problematic. It is not clear that this advocacy is helping to build the sense of confidence among Oregon’s citizens and other important constituencies that the University System needs to better serve the cause of higher education in this state.

The following recommendations to reorganize Academic Affairs within the Chancellor’s Office are consistent with the BARC recommendations, but they are not simply or only updated BARC recommendations. The fiscal crisis in Oregon, coupled with the increasing costs of higher education, may be placing the access and affordability of a public college education beyond the means of too many prospective students. Given this crisis, there may be no better time than now to reconsider how well the OUS is serving the state. The expectation is that a clearer advocacy and planning focus for the OUS and its staff will lead to policies and actions that will increase student access, make a college education more affordable, and strengthen partnerships with Oregon’s community colleges and high schools at a time when every dollar counts.

This proposed reorganization makes no claim to be omniscient. Some things that others might see as valuable may not be here. An attempt was made to consider the importance of all Academic Affairs functions and their relation to planning and advocacy before eliminating any. What is presented here describes a workable, interim, academic affairs/planning organization that doubtless will change as the OUS Board proceeds with a more extensive and fully formed re-structured Chancellor’s Office.
(A) **Assumptions About Reorganization**

- The new OUS Board has made it clear that a more direct reporting line needs to be established between the universities and the Board. University presidents and provosts are expected to play a more direct role in the array of Board policy deliberations from budget and enrollment matters to legislative initiatives.

- Conversely, a small Board staff, focused on policy development, means that the Board staff will be less present in the day-to-day campus business of the state’s universities.

- A smaller reorganized Board staff with a policy focus will be expected to supply the planning and analysis necessary for the Board to develop policy while being less of an intermediary between the universities and the Board in policy formation and problem-solving.

- Academic Affairs staff activities should be limited to being directly supportive of Board business without engaging in academic program development and duplicating other operations that are properly the business of the universities.

The following reorganization is consistent with these assumptions and directives.

(B) **Proposed Academic Councils**

1. **Graduate Program Council:** The Council will have approximately ten members and be chaired by an OUS Board member. It will consist of individuals outside of the OUS and representatives from OUS institutions. The appointed members from outside the OUS will be determined in consultation with the campuses and will represent expertise in areas needed to make informed decisions regarding graduate programs at OUS universities. The appointed members will serve on an ad hoc basis. The New Graduate Program Officer will be a permanent member of the Council. [Space for words in regard to regional college membership.] The University of Oregon, Oregon State University, and Portland State University will each name a permanent member on the Council. Bylaws for the Council will be written by its members and approved by the OUS Board.

   The agenda of this Council will be to recommend, for Board approval, all new Ph.D. and related master’s programs, graduate certificate programs, substantive degree program changes, name changes, and other initiatives designed to support economic development in Oregon.

2. **Provosts’ Council:** The academic provosts of the OUS institutions and Oregon Health & Science University will comprise this Council. The chairmanship of the Council will rotate annually among the provosts. The
Strategic Programs and Planning Office will supply secretarial and other ex-officio staff support for the Council’s work. Bylaws for this Council will be written by its members and approved by the OUS Board.

The agenda of the Council will continue to center on degree and program approvals, student access, community college articulation and partnerships, and intra-university cooperation. New bachelor’s and master’s programs, certificate programs, name changes, and other substantive degree changes recommended by the Council will go directly to the Board’s consent agenda.

### Interim Academic Affairs/Planning Reorganization Position Summary

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<tr>
<th>Position Title</th>
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<tr>
<td>Strategic Programs and Planning Officer</td>
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<td>Chief Operating Officer/Executive Vice Chancellor</td>
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<tr>
<td>Graduate and Research Policy Officer</td>
<td>1.0</td>
<td>Chief Operating Officer/Executive Vice Chancellor</td>
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<td>Economic Development and Industry Affairs Officer</td>
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<td>Graduate Policy and Research Officer</td>
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<td>Enrollment Policy and Community College Liaison Officer</td>
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<td>Chief Operating Officer/Executive Vice Chancellor</td>
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<td>K-12 and Teacher Education Liaison Officer</td>
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<td>Chief Operating Officer/Executive Vice Chancellor</td>
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<td>Administrative Assistant</td>
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**BOARD DISCUSSION AND ACTION:**

Vice President Richmond called on Dr. Kridelbaugh, President of Southwestern Oregon Community College (SWOCC), who had requested time to discuss the status of the University Center that is located on the SWOCC campus. He indicated that it was established in the 1999 Legislative session, at which time $150,000 was approved for
its start-up. “Rural Oregon is in a bad way and so is the south coast of Oregon,” Dr. Kridelbaugh observed. “The University Center has been an absolute gem in allowing people on the south coast of Oregon to obtain a bachelor’s and master’s degree.

“I'm imploring the State Board to give us a year and to provide the funding to Eastern Oregon University to make this transition happen. A year will give us some time to work with the 2005 Legislature,” he said. [Transferring the coordinating function from OUS to EOU.]

Director Sohn asked why the Center, as currently funded and staffed, is the essential mechanism for providing this opportunity. “What is the increment that it adds that couldn’t be there by the universities and schools that are providing the programs picking that up and doing it, maybe in collaboration with the community college, but in an alternative structure and funding arrangement?”

The response from President Kridelbaugh was that no matter how this service is provided, it required someone assuming leadership and working with prospective students through counseling and advising. It was estimated that it costs approximately $600 per student and serves approximately 265-300 students each year and with 20-50 graduates each year, making it economically very feasible.

Director Schuette observed that this center might be a precursor of the “More, Better, Faster” efforts. “With the complexity of transfer and enrollment issues and the differences among the universities, community colleges, and private colleges, it does require the human touch and the one-on-one effort with students,” she concluded.

Director Lorenzen questioned how these types of services would be provided if the Center did not exist. Dr. Kridelbaugh responded that they could not be provided through any other existing structure.

Vice President Richmond said that, in exploring the web site and looking at the transfer rates for SWOCC relative to all of the other community colleges, “it doesn’t appear to me that the University Center is enhancing transfer rates of the institution relative to all of the other community colleges.” Dr. Kridelbaugh responded that he would need to look at the data.

Continuing with the Chancellor’s Office Reorganization Working Group report, Vice President Richmond indicated the Working group accepted the recommendations and forwarded them to the full Board for approval. She said that the reorganization process had been extremely difficult and would result in reductions of staff, which is always difficult since it affects the families and lives of so many people. “These reductions should not be viewed by those involved as an indication that we do not think that they have been giving satisfactory and devoted service to OUS.”

Director Lorenzen continued by saying that there had been three principal driving factors in approaching the reorganization. “The first one, obviously, is that we are in a
funding situation where we do not have all the money that we would like to have to carry out very important programs. The second is the general philosophy that programs can best be implemented at the operational level—that is, at the university/community college level. Finally, it is my strong belief, and I believe it is shared by others on the Working Group, that the Chancellor’s Office should be focusing on higher level policy and a role at a higher level in providing organizational objectives.”

Vice Chair Richmond reminded the Board that the Board Administrative Review Committee (BARC) report of 1991 was used as a base document for the Working Group. At that time, the report recommended that the role of the Chancellor’s Office should change from that of a provider of central administrative services to that of a policy and advocacy role. It was observed that, ten years has passed since the study, and some important efficiencies have been made in the Chancellor's Office. “The emerging advocacy and policy roles of the Chancellor's Office remain problematic,” Director Richmond observed. “It's not clear this advocacy is helping to build a sense of confidence among Oregon citizens and other important constituencies in the University System.”

The restructuring was framed as a different view of how to handle many of the needs of OUS in a different way and with reduced staff in the Chancellor's Office. “The areas of Internal Audit, Finance and Administration, Budget, Facilities, Controller, Information Technology, and Human Resources are in the process of being reviewed and so reductions and reorganizations in those areas will be forthcoming in the next number of months,” Vice President Richmond reported. “The two major areas that affect our students, both our undergraduate and graduate students, as well as community college transfer students, are really in the area of the Graduate Program Council and the Undergraduate Program Council.

“The undergraduate programs would be handled by the Provost Council that would consist of the academic provosts of the OUS institutions and OHSU. The chairmanship of the Council would rotate annually among the provosts; the Strategic Program and Planning Office will supply secretarial and other ex officio staff support. The bylaws for this Council will be written by the members and approved by the Board,” Director Richmond explained.

In addition, a Graduate Program Council is planned that will consist of approximately ten members. There will be several OUS members, a representative from each of the large campuses, and a representative from the regional institutions to help decide graduate programs. “The representatives from that group would be on a rotating basis representing all three schools. All OUS universities then are asked to participate and OHSU is invited to continue the practice of bringing programs to the Council,” Director Richmond continued. She indicated that the work of the Graduate Program Council would be reported to the Provost Council so that there is coordination between graduate and undergraduate programs. The other members of the Graduate Program Council would be appointed from outside the System and would be appointed on an ad hoc
basis, since they would represent specialized areas where there might need to be expertise at a particular time. A Board member would chair the Council.

Dr. Richmond continued explaining the organizational chart and the current and new positions that would, she pointed out, support the work of the Board. (NOTE: A copy of the organizational chart is available at http://www.ous.edu/board/dockets/COReorg3_chart.pdf). She concluded by saying, “it is a transitional structure because we know that as we evolve and we understand better where we are going, some of these boxes may move around and change. But we feel that it is very responsive to what the Governor asked us to do with a regard to a reduction and restructuring of the Chancellor’s Office so that we could pass on these savings to the students and reduce our administrative costs.”

Director Sohn said that his assumption was that one of the functions of the Chancellor’s Office was to transcend the potential competitive arena of the individual institutions with some form of decision-making authority. He asked how this could be done through the new mechanism and where the authority resided.

Vice Chair Richmond responded that the current Provost Council, the idea behind the Undergraduate Program Council, “operates very effectively now in deciding undergraduate programs. But when there is a problem and it is clear that there can’t be resolution by consensus of that group, it may end up coming to us (the Board) because we are the final group that says ‘yes’ or ‘no.'”

Continuing, Director Sohn asked about duplication of programs. Provost Minahan from WOU, who provided support staff to the Chancellor’s Office Review Working Group, indicated that, “the process to get an academic program through or a name change or substantive degree program change takes some months.” His opinion was that the new structure would work well. The Graduate Program Council was described as critical to avoiding duplication and would also require external advice on quality.

Continuing the discussion, Director Schuette spoke to the question about the locus of authority, “particularly from the context of the charge given to accelerate and streamline our efforts. Yesterday was the first time I saw the organizational chart and we don’t have the job descriptions, so it’s a little bit difficult to sort out. I know many members of the Board have received lots of letters from Southwestern Oregon Community College with regard to the University Center. I appreciate that you referenced some of those as you were describing the organization – but there are certainly many additional questions that are out in the university and academic community about some of the gatherings that have been traditionally effective, web sites that have been used, the participation and continuation of the Joint Boards Articulation Committee. You did reference some of those, but we’ve had a lot of questions and I think because of my charge with ‘More, Better, Faster,’ I’ve been the focus for more of the questions and I still don’t feel that I can really address them with authority. I did try to make some comments at the beginning of the ‘More, Better, Faster’ Working Group yesterday, to reassure people that there would be OUS leadership, generally speaking, for the work that for years has related to the values associated with my group. There is certainly sustained work that is
strongly related to the Governor’s goals. So, I’m still uncertain about where in the organization that transcendent view will come from and be implemented and just from the dispersed boxes, I just don’t know who to go to for what.”

Vice President Richmond made assurances that efforts had been made to provide for sufficient staffing. Continuing, Director Schuette added that she was concerned about any “gap in our fragile progress.” She indicated that the Governor had charged the Board and, in turn, the Board had charged itself to move forward in a very difficult arena. “We have made significant progress to gather people around a charge that is very important to Oregon,” she added. Reductions were necessary in the Chancellor’s Office, she emphasized, “but all I’m saying is that I don’t see how this structure supports the work and as that work is fragile, we really need a shoring up and a coming together, not a ‘let’s see how it evolves.’ We can take a stop and come back later when there is that support; but I’m concerned about the interim.”

Provost Minahan admitted that the organizational chart was difficult to articulate and offered his view that, “with all due respect to my colleagues in the existing structure, it was very difficult to find any one of them that had a broad range of responsibilities over a single problem so that, for example, in high school matters, a number of people dealt with the PASS program, others dealt with enrollment, others dealt with issues of retention. So there were three or four people spending a few hours here and there in a very disparate way on that. What we tried to do was coalesce functions.” Provost Minahan expressed his belief that all of the major functions of policy and planning that should be done by the Board were covered in the proposed organization.

Several Board members continued to express the desire that the Southwest Oregon Community College Center future be resolved, as it has impacts on how resources are spent and on the perception of the Board’s commitment to collaboration with the community colleges. Director Dyess, indicating that this was the first time she had seen the organizational chart, expressed a strong recommendation to have Director Schuette and her Working Group involved in the decision regarding the Center.

Continuing, Director Dyess expressed a desire that the System resources for ETIC, OCKED, and the Academic Excellence and Economic Development Working Group all “tie together” so that the efforts are moving together in the same direction.

Director Nesbitt expressed the same lack of understanding of the existing structure and the inability to compare the new organizational chart with the existing one. “Another bottom line question,” Director Nesbitt continued, “is how much money does this [the new structure] save? I assume it saves at least a million dollars.”

Chief Operating Officer Jon Yunker reminded the Board that the proposed design is a transition plan that is true to the values of the Board. “We’re into negotiations with universities and other interested parties on a lot of the pieces [of the Chancellor’s Office], not just Southwest Oregon Community College Center. . . We’re not going to let those things fall through the cracks,” he assured. Mr. Yunker also assured Director
Nesbitt, who questioned the amount of savings from the Chancellor’s Office reorganization, that it would be in the range of $1 million.

Returning to an earlier concern, Director Dyess said that she wanted to be clear on her recommendation. “What I am actually recommending is to put the negotiation [for some aspects of the reorganization] on the shoulders of the Working Group members who are involved with these initiatives. I’m saying that because we may have the opportunity, as we look forward, to do that across a different area. I don't mind if you negotiate but my concern would be that it might go crosswise to something that is bigger and better and actually has more of an impact than what we may see here.”

Director Schuette observed that part of the reorganization includes elimination of the grant-seeking function. “My personal view is that when you are trying to do something [with a number of players] that having some central ability to seek outside resources would also be beneficial. I don't understand that part of the reorganization that eliminates the grant-seeking function. If I could understand where the transcendent vision or authority resides, maybe there would be a way to have grants that benefit the overall System occur somewhere else. Not understanding the first, I don't see how the second will work,” she concluded.

Provost Minahan opined that the majority of the grants obtained in the Chancellor's Office were in the areas of education and education initiatives and could just as well have been run through an institution like WOU and its Center for Teaching and Learning. He expressed his belief that grants obtained by a campus could serve the rest of the state as well as if obtained through the System Office.

Director Schuette questioned where the inspiration would come from to foster statewide impact. “Will it come from an individual university?” Director Lorenzen responded that his impression is that the Chancellor’s Office is moving more toward “conceiving of an idea, seeing what is important, and then trying to determine where that should reside, provide the impetus for it, and where it should be.”

President Ray offered a “brief observation. What I sense you’re trying to move to is a System that is more of a policy and coordinating board and we talk kind of loosely about the OUS presidents being closer to the Board. The quid pro quo, if we don't want a management administrative board, is that the universities, and the presidents in particular, have to step up and be held accountable. When there are grants or other kinds of programs that would benefit the people of the state that require our collaboration, we need to understand that we’re to be held accountable if, in fact, there isn't a perception that we’re working together enough to make that happen. I can only speak for myself, but I am very receptive to the idea of moving toward a policy and coordinating board and for you to hold me accountable that I'm not using that as an opportunity to walk away from my broader responsibilities to the people of this state, even when it's not necessarily the best thing for OSU to pursue a particular action.”
Director Blair strongly supported President Ray’s statement. “Our goal is an efficient and effective System for the state and, from having some experience with large, decentralized organizations, that only works if both the center and the decentralized units are working together; that there is a consistent framework and alignment around goals. We’ve been focused on the Chancellor’s Office, but one of the things that we are going to have to be talking about as this process unfolds is some of the changes that are going to have to happen at the campus level.”

Director Nesbitt urged that, “if we’re voting to adopt this new structure, I hope we can put at least estimated budget reduction dollars on it. I’m also hearing there is another category of entities or services, whether it is the University Center at SWOCC, Capital Center, OCATE, or ETIC—that are in a category of ‘we’re going to continue to work to resolve preservation of their mission.’ I just want to make sure that all these things happen.”

Vice President Richmond reflected that President Ray’s comments were particularly important to the effort of ‘More, Better, Faster.’ “We really need buy-in from all of you and that even means some staffing if you can help us with it. If you don’t buy in and you don’t help us, the costs are going to go way up and we’re going to have to add boxes and then the million dollars comes down.”

Director Sohn added some reflections to the conversation. “When we started all of this, the number [for reducing the System Office] was $3.3 million. We’re down to a million and maybe less. One question that raises is whether we are going to create an environment in the legislature that is receptive to the other things we want to do. . .It would be nice to see under this plan—maybe this is too conventional a way to look at it—what’s going away, what’s going elsewhere, what’s staying, what’s new? . . If we do the people, programs, and dollars effect of this, I think it would provide some clarity because we have to make the case for the million. If we are going to be under one million, we’re going to have to make a strong case. I also appreciate the fact that we are talking about, as people formulate it various ways, a different way of defining the mission for the Chancellor’s Office. I’m completely supportive of the notion of policy and planning and strategy, that’s the main thing. But legislators and others are still going to look at it, as we’ve heard from people who have interest in some piece of this, ‘my piece of this—where’s it going and why is it gone?’ While I think we need to focus on the big path, the notion of moving from a control and administrative type of entity, in theory anyway, to an advisory/coordinating policy, is absolutely right; the hard pieces of this people still need to know about, including us.”

Vice President Richmond posed options for moving the reorganization plan forward. One would be for the Board to approve, in concept, the organizational chart with a discussion of what things have been eliminated, with a report back to the Board on the questions that have been raised. This could be done either in a telephone meeting or could be delayed until the June meeting. Another option could be to delay any movement on the reorganization plan until the June meeting, at which time there could be a more comprehensive view of the total plan. “What that does,” she concluded, “is
really delay our ability to get back to people who we are so sensitive to. It gives them one more month to wonder whether this Working Group is going to save their jobs, and that is very hard."

Director von Schlegell suggested that the Board affirm the direction of the Working Group, affirm the chart in draft, “but also let the Board catch up with some of the questions that have been raised which, I think, we’re all raising in our own way, between now and the next Board meeting. I’d be the most comfortable with that, rather than a full delay or a full approval,” he concluded.

Continuing to clarify a strategy for resolving the issues raised by the Board, Director Blair offered another alternative. “The ‘what goes’ pieces are the ones that are in a little bit of flux because there are negotiations going on about where they might go. Those are the ones that I think have some open switches about where exactly they are going to land. . .The ‘what’s added’ piece, I’m not sure I heard a whole lot about that, but there may be some, so if there is an opportunity for us to summarize very quickly, on one page, here is what stays, here is what goes, here is what has been added in terms of functions, dollars, and headcount, then I think we as a Board can make decisions. If we can get a one page done on this very fast, we could do a quick consent meeting.”

Director von Schlegell moved approval of Director Blair’s outline to proceed with the Chancellor’s Office reorganization. In answer to Director Nesbitt’s question regarding a timeframe for concluding the work, Director Blair responded that his hope would be to have a meeting within the week.


Before concluding the work of the Chancellor’s Office Reorganization, Provost Tim White requested permission to address the Board.

“When I came to Oregon in 1996 as a new dean, I was relying on my 20 years of experience at Michigan and Berkeley and I thought I was a hotshot. I had all these great ambitions and programmatic ideas and as I advanced them, I was told over and over again that my ideas needed to be run by ‘Shirley Clark.’

“This was said to me consistently, it was said with such authority, such reverence, and such respect, that I was uncertain if Shirley Clark was:
- An office that regulated, encouraged, and shaped ideas;
- A building that was particularly accessible – yet foreboding;
- A process that was participatory, collegial, yet analytical and fair;
- An archive of knowledge and wisdom about academics in America; or
- A person of great integrity, respectful of others in times of good, bad, and ugly, even when others were not respectful of her, a person distinguished in her manner and in her demeanor.
“As it turns out, Shirley Clark is all of these and more. She is an institution in the world of higher education, particularly in Oregon. She is most deserving of public commendation and of public gratitude for her work and her resolve to help provide quality academic opportunities for literally hundred of thousands of Oregonians over her 13 year career.

“I know that I speak for all of the provosts and academic officers in the System and I’m confident that I speak for the faculty and for our students in providing heartfelt and grateful commendation to Shirley Clark. I ask this Board to either adopt this commendation as being from all of us or to craft your own. In either case, I ask that my letter to be put into the public record.”

Director Schuette moved to have the commendation for Senior Vice Chancellor Clark placed in the public record from the Board. Those voting in favor of the motion: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, von Schlegell, Schuette, Sohn, and Richmond. Those voting no: none.

4. **CONSENT ITEMS**

a. **OSU, College Inn House**

**DOCKET ITEM:**

**Summary:**
Oregon State University (OSU) sought Board approval to authorize the Senior Vice Chancellor for Finance and Administration, or designee, to enter into a legal agreement with College Housing Northwest – Corvallis LLC (CHNWC), in partnership with Lorig Associates, LLC, to develop, finance, construct, and operate The College Inn student housing complex which will feature 231 apartment units (242 beds). The College Inn facility will be leased to College Housing Northwest, LLC, and will be operated and managed in accordance with OSU standards.

Board approval was sought to modify the 2003-2005 Legislative Capital Budget, eliminating OSU’s capital project for The College Inn, with its corresponding approved limitation of $1 million Article XI-F(1) bonds and $11 million Other Funds.

**Staff Report to the Board:**

**Background**
In 1967, a private company built The College Inn, designed to meet the housing needs of upper-class students at OSU. The building is a concrete slab structure, with approximately 120,000 square feet on seven floors. During its operation, it provided residence hall style dining on the first floor, and a variety of rooms arranged in semi-private suites: single, double, and triple rooms, each with a shared bathroom. The residence hall was purchased by OSU in 1975, and was managed by a private
company from 1975 to August 2001. From August 2001 until its closure in September 2002, OSU University Housing and Dining Services managed and operated the housing facility within its housing operations. It was closed in September 2002 due to a deteriorating infrastructure.

Replacement of the College Inn Residence Hall had been anticipated, with The College Inn project listed in the 2003-05 Legislative Capital Budget with approval for $1 million Article XI-F(1) bonds and $11 Other Funds legislative limitation. It is included in OSU housing plans, with feasibility studies designed to determine the best course for reopening the facility. As a result, OSU issued a Request for Proposal to establish the feasibility of renovating the College Inn or demolishing and replacing with quality student accommodations.

Preliminary schematic design work is currently underway. If approved by the Board in May of 2004, the project should be completed and open for fall term 2006.

**Analysis Factors**

OSU has diligently worked to reopen the facility by analyzing alternate choices to renovate the existing building, tear down and replace it with a new housing structure, or enter into an agreement to allow a private entity to renovate and operate the facility.

**Market** – Studio apartments are not available in the OSU vicinity and will be desirable and competitive within the market. Studio apartments work well with a conferencing program, satisfying a niche not currently filled at OSU for adult conference facilities. Projected student demand calls for studio apartments versus group bedroom unit facilities. It is also important to retain the ability to market the studios to faculty members and the general public if occupancy is low.

**Construction/Design** – It was determined that there is value in retaining the existing structure and infrastructure (such as HVAC), as it would be cost prohibitive to build a concrete building with affordable rents. OSU will be able to provide more amenities in the renovation, as the current space allows for larger public spaces, study spaces, living room/lounge spaces, and a possible coffee café. By leasing to a private entity, the renovation is more likely to have higher end finishes, with the potential for something unique, such as high window and ceiling heights and exterior window treatments throughout.

**Finance** – The conference and studio apartment revenue mix provides a more stable financing plan. Rents will be more affordable for the OSU student, also affording more privacy. There is also less risk of contaminated soils.

**Presentation of Need**

OSU is committed to retaining student housing for approximately 242 students at this site. The University believes that significant demand for student housing exists in this location given a quality renovation and competitive rates, and the studio apartment niche that its reconfiguration and operation would address.
OSU has sought and identified alternative methods of completing this project in order for the University to use its bonding authority to continue its aggressive residential renovation projects in the interior of campus. The proposed arrangement provides a financing plan with no initial capital outlay or ongoing financial subsidy by the University required, and which complies with applicable Oregon law and OUS and OSU rules, guidelines, and policies.

The absence of this residence would result in over 200 OSU students without housing forced to look outside in the Corvallis area. The majority of these students would be upper-class and graduate students, a population currently not well served with suitable housing choices on campus. In the case of graduate students, in particular, not having such housing readily available would result in losing a portion of these students to other universities. Conversations with City and County officials and residents has evidenced concern that these students might either overburden the affordable housing market within the city, and/or be forced to choose expensive (or alternatively, substandard) housing.

Surveys and feedback at OSU and nationwide (including an extensive survey of OSU students conducted in 2003) indicate a preference for housing types that vary from the traditional double room, “dormitory” style facilities prevalent at OSU. The redesign of this student residence allows greater privacy for individual students, while providing a safe, convenient, community living environment.

The existing student residence is convenient to University facilities and services. With the renovation of this residence, there would be a total of approximately 4,000 students residing in University housing.

**Facility Information**

The facility will be maintained and operated by College Housing Northwest - Corvallis LLC, (CHNWC) in partnership with Lorrig Associates, LLC. The facility will be primarily configured as studio style apartments with kitchenettes, located on an approximate 2.3 acre site, includes two parking lots, within the campus master plan. In this general vicinity (Kings and Monroe, in Corvallis), there currently are OSU academic buildings, commercial buildings along Monroe Street, and private residences on and around Kings Avenue. The College Inn is also within a relatively short walk of the east side OSU residential complex and McNary dining center, and the OSU administration building which contains many student services offices. A meal plan will not be required, although College Inn residents would be welcome to take their meals on a cash or debit basis in any of the OSU dining facilities, and could choose to purchase a meal plan if they wish.

As part of the OSU campus master plan, the renovated facility will include the following:

- Adequate parking to meet current code requirements
- Community center, offices, recreation, and group study areas
- On-site laundry facilities
• Outdoor recreation area and green space
• Basic apartment furnishings, such as a bed w/mattress, dresser, desk with chair, dining table with chairs, and other various seating
• Kitchenettes will include such items as cook-tops, refrigerators, microwaves, and garbage disposals
• Data, telephone, and TV cable connections in each bedroom
• Accommodations for live in staff and a faculty in residence
• OSU Housing standard program, activity, and staff training

Terms of Proposed Transactions
The facility will be funded with tax-exempt revenue bonds issued through the Tenant (CHNWC) in conjunction with their selected underwriter. The tax-exempt bonds will cover the costs of renovations. The tax-exempt bonds issued will have a 30-year term in order to keep tenant rents to a minimum.

The bond proceeds will be managed by CHNWC, an Oregon limited liability corporation. CHNWC, who will enter into a development agreement with Lorig Associates, LLC, a real estate development company. Lorig Associates, LLC, will renovate the building according to agreed construction documents, with required performance bonds. The agreement will also require that the project be developed in compliance with the public works statutes.

CHNWC, or its designee, will enter into rental contracts with OSU students and retail lease agreements with first floor retail tenants. Student housing rents are currently estimated to be in the $550-$590 per month range, and cost saving value engineering and other efforts are underway to reduce these rents to provide the most affordable housing possible. Rent payments will be paid to CHNWC and will be deposited as required to 1) pay debt service on the bonds and 2) establish a reserve for operating expenses for the facility.

Subject to Board approval, OSU will enter into a cooperative agreement with CHNWC. Pursuant to this agreement, they will operate the building in accordance with OSU standards and requirements, throughout the 35-year term of the agreement following completion of the project. The building will be operated by CHNWC, although, with OSU approval, management may be subcontracted out either to a private party or back to OSU.

Project revenues remaining after payment of operating expenses, debt service, and management fees will be split as follows: 85 percent OSU, 15 percent CHNWC. OSU will have no legal liability for any project debt service payments, operating expenses, or other project costs. In effect, the terms of the agreements make the facility available for OSU's benefit in an "off-balance sheet" mode. CHNWC assumes all responsibility for project expenses and debt service and with no recourse against OSU or the State of Oregon.
Assistant Attorneys General with the Department of Justice have worked with OSU and the Chancellor’s Office staff, ensuring that all terms and conditions outlined above are legally sufficient and are in compliance with applicable State and OUS regulations and procedures.

**Staff Recommendation to the Board:**
Staff recommended that the Board approve Oregon State University's request to perform the following actions, assuming that all conditions are met and that the final details are agreed upon by all parties, subject to final approval by the Senior Vice Chancellor for Finance and Administration:

- Enter into a Ground Lease with College Housing Northwest - Corvallis, LLC, for a term of 35 years for the existing College Inn property, located at 155 NW Kings Blvd., Corvallis, Oregon.

- Enter into legal agreements with College Housing Northwest - Corvallis, LLC, to develop, finance, market, operate, and maintain the project during the term of the ground lease.

Staff recommended that the Board approve eliminating the OSU College Inn capital project from the 2003-2005 Legislative Capital Budget, with its corresponding approved limitation of $1 million F-bonds and $11 million Other Funds.

**BOARD DISCUSSION AND ACTION:**
This item was part of the consent agenda. Final action noted on page 207.

**b. Authorization to Award Honorary Degree, OSU**

**Summary**

Oregon State University requested authorization to award an honorary doctorate to Senator John H. Glenn at the June 2004 commencement ceremony. Senator Glenn has accepted the invitation to deliver the commencement address.

Board of Higher Education policy permits institutions, with the concurrence of their faculty, to award honorary degrees. Each institution proposing the award of honorary degrees has received the Chancellor's approval of criteria and procedures for selection that ensure the award honors distinguished achievement and outstanding contributions to the institution, state, or society.

**Oregon State University**

John H. Glenn has been called a pioneer, an American legend, and an international hero. He is all of that and more.

In 1962, Glenn climbed into NASA's tiny Mercury capsule and was launched into space, where he circumnavigated the Earth three times. It was an epic journey, as systems
malfunctioned and he had to manually pilot the spacecraft at more than 17,000 miles an hour, rocking back and forth while watching fiery bits of the capsule fly past him into space.

That successful, dramatic first American space flight shifted the Cold War dynamics and renewed national spirits. It also launched a new era in space exploration that continues today.

President Kennedy would not allow John Glenn to go back into space, claiming he was too valuable as an American hero to risk in flight. Glenn eventually left NASA and went into private industry, serving as an international executive in the soft drink industry.

The pull of national service drew him into politics, however, and in 1974, he was elected U.S. Senator from the state of Ohio. For the next 24 years, Senator Glenn served in the Senate, focusing on such issues as arms control, nuclear proliferation, government efficiency, and campaign finance reform.

Senator Glenn also yearned to return to space and, in 1998, he joined a crew of astronauts who had not yet been born during the historic Mercury flight, becoming at age 77, the oldest person to ever fly in space. He and his crewmates went on a nine-day mission aboard the Discovery, supporting a variety of research payloads – including a project by an Oregon State University graduate student. While aboard the Discovery, Senator Glenn orbited the Earth 134 times, traveling 3.6 million miles.

The space and political achievements of Senator Glenn are well-chronicled. Less well known are the senator’s achievements in the military. John Glenn joined the Naval Aviation Cadet Program in 1942 and was commissioned into the Marine Corps a year later. After receiving advanced training, he joined Marine Fighter Squadron 155 and spent a year flying F-4U fighters in the Marshall Islands. He flew 59 combat missions during World War II.

Following the war, Glenn served on Guam and flew on the North China patrol. Then, from 1948 to 1950, he was an advanced flight instructor at Corpus Christi, Texas. At the outbreak of the Korean War, he went back into active duty and flew 63 missions with Marine Fighter Squadron 311. Then, during an exchange with the Air Force, flew another 27 missions in an F-86 Sabrejet.

After the Korean War, as a project officer for the Navy Bureau of Aeronautics (now the Bureau of Naval Weapons), Glenn set a transcontinental speed record aboard an F-8U Crusader, flying from Los Angeles to New York in three hours and 23 minutes – the first transcontinental flight to average supersonic speed.

A true American hero, Senator John Glenn was awarded the Distinguished Flying Cross on six occasions, holds the Air Medal with 18 clusters for his service in World War II and Korea, holds the Navy Unit Commendation for service in Korea, and was awarded the NASA Distinguished Service Medal and the Congressional Space Medal of Honor.
Senator Glenn heads the John Glenn Institute for Public Service and Public Policy at The Ohio State University, and lives in Ohio and Washington, D.C., with his wife, Annie.

**Staff Recommendation to the Board:**
Staff recommended the Board authorize Oregon State University to award an honorary doctorate to Senator John H. Glenn at the 2004 spring commencement ceremonies.

**BOARD DISCUSSION AND ACTION:**
Director Dyess moved Board approval of the consent agenda. Those voting in favor: Directors Blair, Burns, Dyess, Lorenzen, Nesbitt, Pilliod, von Schlegell, Schuette, Sohn, and Richmond. Those voting no: none.

5. **Report Items**


   Program changes and policy initiatives that require an increase in the Agency Request Budget are submitted to the Department of Administrative Services (DAS) as Policy Package requests. Staff plans to submit policy package proposals for Board consideration in May and June, with final approval of the Agency Request Budget in July.

   The Committee on Excellence in Delivery and Productivity (*More, Better, Faster*) reported to the Board in April on several potential policy package requests and has submitted three drafts for Board discussion. The Engineering and Technology Industry Council (ETIC) has also submitted a request, and ETIC representatives will be in attendance at the meeting to speak to the proposal. The Academic Excellence /Economic Development Committee will study proposals and decide whether to submit requests for Board consideration in June.

   Attached are drafts of the four Policy Package concepts submitted to date:

   1. Removing Institutional Transfer Barriers to Students
   2. Strategic Investment to Support Increased Student Access to College
   3. Connecting Higher Education to a Statewide Student-Service System
2005-2007 OUS Agency Request Budget Policy Package Proposal

Title: Removing Institutional Transfer Barriers to Students

Policy Initiative: Excellence in Delivery and Productivity (More, Better, Faster)

Description: Increasing the successful transfer of community college students to OUS campuses through: 1) creation of an Oregon Dual Enrollment Framework; 2) creation of a fully transferable lower division common core of lower-division courses; and 3) creation of a fully transferable lower-division set of common student educational outcomes leading into an academic major.

Expected Outcomes:
- Increase the number of Bachelor Degree recipients
- Increase the number of students who receive college credits from an Oregon community college.
- Decrease the student debt as a result of more efficient enrollment in courses at community colleges that are lower in cost to the student.

Performance Indicators:
Graduation Rate
Student Debt Ratio

Budget Outline:
New staffing: 1 limited duration professional staff position for 24 months
1 FTE @ $159,000

Services and Supplies: $1,000,000

Funding to create a statewide framework for successful OUS and community college dual enrollment agreements that lead to increased student success; for faculty-driven meetings leading to the development of a statewide common core of lower-division general education courses that can be transferred between all public colleges and universities, leading to the elimination of repeated general education courses and greater efficiency of courses offered and taken.

Capital Outlay: No capital expenses requested.

Total Request: $1,159,000
2005-2007 OUS Agency Request Budget Policy Package Proposal

Title: Strategic Investment to Support Increased Student Access to College

Policy Initiative: Excellence in Delivery and Productivity (More, Better, Faster)

Description: Investments to support expansion of services and offerings that increase capacity and educational opportunities for high school and post-secondary students. These initiatives include: 1) increase the availability of highest demand courses; 2) strategically expand the availability of on-line courses to meet high student demand; 3) expand accelerated high school course opportunities to create a statewide menu; 4) create the foundation for a statewide framework for post-secondary access for every community; and 5) increase the retention and graduation rates of current college students.

Expected Outcomes:
- Increase the number of Bachelor Degree recipients
- Increase the number of high school students taking advanced courses leading to increased college enrollments
- Shorten the time to degree resulting in lower average student debt (or in presence of continued tuition increases, a slowing in the rate or student debt growth).

Performance Indicators:
- Freshmen to Sophomore Persistence
- Graduation Rate
- Student Debt Ratio

Budget Outline:
New staffing: 1 limited duration professional staff position for eighteen months
1 FTE @ $118,250

Services and Supplies: $ 2,000,000

Funding for new courses to address courses with current excess student demand such as Writing; new courses to be offered both on-line and in traditional lecture format; accelerated high school courses include offering additional Advanced Placement and College Credit Now in areas of unmet need and to pilot the development and implementation of a limited number of middle colleges (grades 10-14) and early option type opportunities for students; and expand or implement proven best practices in the area of student retention to increase the number of OUS undergraduates who successfully complete their undergraduate degree.

Capital Outlay: No capital expenses requested.

Total Request: $2,118,250
2005-2007 OUS Agency Request Budget Policy Package Proposal

Title: Connecting Higher Education to a Statewide Student-Service System

Policy Initiative: Excellence in Delivery and Productivity (More, Better, Faster)

Description: A K-16 data system has been identified nationally as a critical component to a comprehensive student educational system. The K-12 system is under development and this concept would connect post-secondary education (OUS and community colleges) to achieve greater efficiency in admissions processing and student course placement while also leading to improved secondary school performance by providing meaningful student-performance feedback to high schools. This will also empower students and their parents to become more informed about preparation for college.

Expected Outcomes:
- Increase the number of Bachelor Degree recipients
- Increase the number of high school students taking advanced courses leading to increased college enrollments
- Shorten the time to degree resulting in lower average student debt (or in presence of continued tuition increases, a slowing in the rate or student debt growth)

Performance Indicators:
Freshmen to Sophomore Persistence
Graduation Rate
Student Debt Ratio

Budget Outline:
New staffing: 1 limited duration professional staff position for 24 months
1 FTE @ $159,000

Services and Supplies: $4,000,000

Funding for technical support for campuses to link to the K-12 system in order to receive student application material; and additional support to enable postsecondary institutions (community college and OUS) to download student application data directly into campus student information systems.

Capital Outlay: No capital expenses requested.

Total Request: $4,159,000
2005-2007 OUS Agency Request Budget Policy Package Proposal

Title: Engineering & Technology Investment Proposal – Growing Opportunity in Oregon

Policy Initiative(s):

Description:
This proposal builds on a partnership between the seven OUS campuses and OHSU/OGI that goes back to July 1997 with the passage of SB 504. It continues the ETIC capacity and excellence strategy at the same time it focuses new investment on key economic opportunities that will provide quality jobs for Oregonians and help keep Oregon’s technical talent in Oregon. It requires no new legislation.

Expected Outcomes:
- Additional faculty and facilities need to give economic leverage, improve national rankings, and double the number of work-ready graduates in Oregon.
- Increase the quality and diversity (ethnic, geographic, gender) of students while increasing community college collaboration and removing barriers.
- A new method to quickly form industry-academic partnerships to mold and adapt global markets for Oregon economic advantage.
- Investments in areas with maximum economic impact:
  - Analog and Mixed Signal
  - Biomedical Engineering & Digital Hospital
  - Computer Science & Information Technology
  - Infrastructure / Transportation
  - ONAMI / Nanoscience / Material Science
  - OREC, Environmental Systems
  - Pre-engineering / Community College
Performance Indicators:
- Degrees in Shortages Areas (#6)
- R&D (#10)
- Graduate Success (#8)
- Internships (#12)
- New Undergraduate Enrollment (#2)
- Total Credit Enrollment (#1)

Additional metrics:
- Student credit hours in target programs
- Undergraduate
- Graduate
- Average SAT/ACT percentile of freshmen
- Average GRE percentile of graduate students
- Women graduating
- Minorities graduating
- Licensing

Budget Outline:
This proposal would create 34.6 new faculty FTEs including 4.0 at OHSU/OGI. The total operational outlay is $43.0 million – a $22.1 million increase over the current biennium. This increase allows Oregon to exploit the opportunities described above, dramatically enhancing its ability to provide high quality jobs for Oregonians. The proposed capital
outlay is $13.85 million. In addition, we forecast $65.6 million in private support associated with the operational outlays and $28.2 million associated with the capital outlays. Table 1 provides a breakdown by campus.
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BOARD DISCUSSION:
Director Schuette reported that the draft policy packages continue to be placeholders. “On page 38, where the description about the focus of student service system that had shared data among the three sectors, certainly the discussion in our Working Group confirmed the importance of support for a statewide degree audit and course articulation system and that would be among the highest priorities and then a sequence of actions or events, that would be a piece of the system that would come first so that could be clarifying language.”

b. 2005 Legislative Concepts (filed as placeholders on April 15, 2004)

Summary
On April 15, 2004, eight Legislative Concepts were filed with the Department of Administrative Services as placeholders for the 2005 legislative session.

The Board approved the Optional Retirement Program at the April 2, 2004, Board meeting and the Executive Committee approved the other seven on April 15, 2004, acting on behalf of the full Board.

These eight Legislative Concepts are presented here as a single document for informational purposes. Further refinement will be required along with a careful analysis of the fiscal impacts. The Board will have several opportunities to further review these concepts and make a final decision as to which ones will actually go forward.

The first draft of these Concepts is due by July 1, 2004.

580-01 Optional Retirement Program
580-02 Access Scholarships for Education Trust
580-03 Connecting Higher Education to Statewide Student-Service System
580-04 Removing Institutional Transfer Barriers to Students
580-05 Strategic Investment to Support Increased Student Access to College
580-06 Academic Excellence and Economic Development
580-07 Retention of Interest Earnings on Auxiliary Enterprise Funds
580-08 Legal Services and Legal Sufficiency Review
580-01 **Optional Retirement Program**

Purpose: Amend existing statutes (ORS 243.800) that govern the Oregon University System Optional Retirement Program. The rate setting structure for the employer contribution rates to and eligibility requirements for plan participants of the Optional Retirement Program will be reviewed and reconsidered given changes to the Public Employees Retirement System.

Staff Responsible: Denise Yunker, Human Resources Director, OUS  
Lisa Zavala, Senior Associate Director, Government Relations, OUS

Stakeholders: OUS Institutions  
Faculty  
Public Employees Retirement Board

Approved for submission by Oregon State Board of Higher Education on April 2, 2004.

First Draft Due: July 1, 2004

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580-02 **Access Scholarships for Education Trust**

Purpose: To develop a proposal for a legislatively referred constitutional amendment to establish an endowment fund for need-based financial aid for post-secondary education students. This endowment would make postsecondary education more available to students who are qualified but face financial barriers to college entrance and graduation. Reducing opportunity and affordability gaps for individuals is necessary to meet the increasing skill and credential requirements needed for a strong Oregon economy and ensuring that high quality post-secondary education institutions are accessible to all Oregonians.

Staff Responsible: Nancy Goldschmidt, OHSU  
Lisa Zavala, OUS

Stakeholders: Oregon Student Assistance Commission  
Office of Community Colleges and Workforce Development  
OUS Institutions  
Oregon Independent Colleges Association  
Students  
Others

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

1st Draft Due: July 1, 2004
580-03  **Connecting Higher Education to Statewide Student-Service System**

Purpose: To improve the use of student data to support better student preparation for college and increased college efficiency in terms of initial course placement and admission application processing. A K-16 data system has been identified nationally as a critical component to a comprehensive student educational system. The K-12 system is under development, and this concept would connect post-secondary education (OUS and community colleges) to achieve greater efficiency in admissions processing and student course placement while also leading to improved secondary school performance by providing meaningful student-performance feedback to high schools.

Staff Responsible: David McDonald, OUS  
Lisa Zavala, OUS

Stakeholders: Oregon Department of Education  
Office of Community Colleges and Workforce Development

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004

580-04  **Removing Institutional Transfer Barriers to Students**

Purpose: To create a seamless transition pathway for students from community colleges to OUS institutions that results in greater efficiency for students in terms of courses taken without redundancy, fewer lost credits for courses completed, and greater alignment of community college and OUS lower-division courses. As a result, more students will graduate faster and with less debt. Targeted initiatives to achieve efficiencies would be attained through: 1) creation of an Oregon Dual Enrollment Framework; 2) creation of a fully transferable common core of lower-division courses; and 3) creation of a fully transferable lower-division set of common student educational outcomes leading into an academic major.

Staff Responsible: David McDonald, OUS  
Lisa Zavala, OUS

Stakeholders: Office of Community Colleges and Workforce Development  
Students

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004
580-05  **Strategic Investment to Support Increased Student Access to College**

**Purpose:** To increase student access and successful participation in post-secondary education through identifying areas where student demand for courses exceeds supply and offering courses to meet demand. Initiatives would be addressed through providing more opportunities for student access to college courses and the earning of college credits while in high school, expanding the availability of on-line courses to meet high student demand, expanding accelerated high school course opportunities to create a statewide menu; creating the foundation for a statewide framework for post-secondary access for every community, and expanding college retention programs to serve larger numbers of students.

**Staff Responsible:** David McDonald, OUS  
Lisa Zavala, OUS

**Stakeholders:** Oregon Department of Education  
Office of Community Colleges and Workforce Development  
Students

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004

580-06  **Academic Excellence and Economic Development**

**Purpose:** To advance two to five initiatives for Oregon’s economic development which, collectively, touch every part of the state and build on academic excellence residing in Oregon’s postsecondary institutions. The Initiatives will seek to strengthen partnerships among postsecondary institutions, public agencies, and private business; remove barriers to the successful accomplishment of these initiatives; and build on existing or emerging momentum in opportunity areas not otherwise fully addressed by other public or private entities.

**Staff Responsible:** Susan Weeks, OUS  
Lisa Zavala, OUS

**Stakeholders:** Oregon Department of Economic and Community Development  
OUS Institutions  
Others

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004
580-07 Retention of Interest Earnings on Auxiliary Enterprise Funds

Purpose: OUS receives no state appropriation for housing. Housing must support all of its needs from occupancy revenue. Currently, operating funds are deposited with the State Treasurer with the state retaining the interest earned on those accounts. Interest earned on current operating funds could help support construction, renovation, or deferred maintenance. Student housing on OUS campuses needs to be updated to meet student needs so that OUS can maintain viable occupancy rates. Allowing the OUS to retain the interest earned on auxiliary functions (primarily dormitory/housing) would mean it could be used in support of functions and requirements of student housing facilities.

Staff Responsible: Tom Anderes, OUS
Bob Simonton, OUS
Lisa Zavala, OUS

Stakeholders: Oregon University System Finance and Administration
OUS Institutions
Students

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004

580-08 Legal Services and Legal Sufficiency Review

Purpose: To authorize the State Board of Higher Education and the institutions to employ attorneys to provide legal services as may be required in the administration of the State Board of Higher Education and OUS, and to exempt OUS, the Board, and the institutions from the requirements for legal sufficiency review of contracts under ORS 291.045, ORS 291.047, and ORS 291.049.

Staff Responsible: Ben Rawlins, General Counsel, OUS
Lisa Zavala, OUS

Stakeholders: OUS Office of General Counsel
OUS Institutions
Office of the Oregon Attorney General

Approved for submission by the Executive Committee of the Oregon State Board of Higher Education on April 15, 2004.

First Draft Due: July 1, 2004
c. Status of the Western Undergraduate Exchange Program

This is the annual report on Oregon’s experience with the Western Undergraduate Exchange Program (WUE), established by the Western Interstate Commission for Higher Education (WICHE) in 1988. Over time, the number of states participating at some level has grown to include all 15 of the WICHE states. In 1989, the Oregon State Board of Higher Education approved entry of Oregon University System (OUS) institutions into the WUE program.

The goals of WUE are to increase student access and choice while enhancing the efficient use of educational resources among the Western states. The basic assumptions underlying WUE are: (1) that most institutions have some academic programs that can accommodate additional students at little or no additional cost; and (2) that additional nonresident students can be attracted to those programs by offering a tuition discount.

The Board guidelines for OUS participation in WUE provide that:

- A WUE program must be able to accommodate a limited number of additional students without requiring additional resources;
- WUE admissions must be on a space-available basis and limited to the programs approved for WUE participation by the OUS Office of Academic Affairs;
- Nonresident students previously or currently enrolled at OUS institutions will not be allowed to convert to WUE status;
- WUE students who change majors to a non-WUE program will lose their WUE status; and
- WUE students enrolled in accordance with these guidelines shall continue to be eligible for the WUE tuition rate for the duration of their undergraduate academic program, even if that program is removed from the approved list.

It is WICHE policy that nonresident WUE students pay 150 percent of resident tuition if they apply and are admitted to one of the designated WUE programs. WUE tuition is substantially less than nonresident tuition at institutions in all participating states.

Since its inception, total WUE enrollment at four-year universities in all participating states has grown to more than 18,000 students. This academic year (2003-04), 1,320 Oregon residents participated in the WUE program, of whom 127 attended two-year colleges. Oregon institutions received 1,254 WUE students, a decrease of 135 students from 2002-03. The distribution of the 1,254 incoming WUE students is: Oregon Institute of Technology (43), Oregon State University (85), Portland State University (484),
Southern Oregon University (380), University of Oregon (137), and Western Oregon University (125).

Each state determines its level of participation and sets limits, if any, on numbers of students received. Each state also determines which programs are available and any conditions.

In keeping with the OUS practice of local campus administration of this program, Oregon State University (OSU) has chosen to end its participation in WUE. Students entering OSU in 2002-03 were the last class to be offered a WUE discount. OSU’s decision to admit no additional WUE students was based on the negative fiscal impact that receiving only 150 percent of resident tuition was having on its campus.

In 2003-04, Nevada and Idaho continued to receive the most students (277 and 240, respectively) from Oregon. Other states receiving significant numbers of Oregon residents are Hawaii (154), Montana (153), Colorado (102), and Arizona (91). Overall, Nevada continues to receive the most WUE students (2,788) from all participating states; California (74) and New Mexico (69) receive the least.

Oregon receives students most frequently from Washington (417), Alaska (243), Hawaii (209), and Idaho (101).

d. Standing Committees

i. Finance/Budget/Audit/Personnel/Real Estate (Don Blair)
Director Blair reported briefly on the Committee meeting. He expressed satisfaction with the conversation the group had on the potential capital projects that are proposed for the budget process.

“As we went through the details of the Measure 30 actions taken by the campuses,” Director Blair indicated, “the key concerns of the group were: first, we were still consistent with the tuition increase provisions that had been previously agreed to; and second, to a person, they indicated that there are some significant cuts being absorbed by the campuses and that is becoming more and more problematic.”

e. Working Groups

i. Academic Excellence/Economic Development (Kirby Dyess)
Director Dyess said that the AEED Working Group has 11 subcommittees, all in various levels of formation. “I just want to say to the presidents that I really have appreciated the way you have rolled out the red carpet and included the community and resources. The educational content that my Working Group and some of the other economic development leaders in the state have gotten from your presentations have been just superb,” Director Dyess said.
ii. Academic Programs
No committee has been formed.

iii. Access/Affordability (Tim Nesbitt)
Director Nesbitt indicated that his Working Group continues to meet and focus on the best features of the Oregon Opportunity Grant and the Pell Grant. Aspects of each are being included in the Group’s discussions. “Some issues remain in regard to the eligible institutions and the structure of the grant. But we are getting closer to consensus in those key areas,” he reported.

iv. Chancellor’s Office Review (Geri Richmond)
Vice President Geri Richmond expressed gratitude for the full discussion the Board had engaged in earlier in the meeting and committed to getting back to the Board with answers to questions raised during the discussion.

v. Excellence in Delivery & Productivity (Gretchen Schuette)
Director Schuette reported that the Working Group got a bit of a late start because of yesterday’s events and they were unable to finish the agenda. “Part of the reason for a somewhat dissatisfying meeting was misunderstandings about the processes related to the Working Group and the relationship of the Working Group to that of the Joint Boards Articulation Committee, a group whose products have been critical to the progress of the Working Group to date and whose products will be critical to our future progress.

“With this Board’s support and understanding, I’ll be taking a new version of what I thought we had been doing and maybe just be more clear or overt about the need to have university campus support for the work. So I will be seeking the leadership of the presidents and provosts over the next several weeks to come together. The goal would be that, between now and July 1 or the July Board meeting, whichever comes first, we would arrive at a couple of things. One, some products, either in policy or simply in actions that begin to meet our shared goals related to ‘More, Better, Faster.’

“Second, where we can’t get policy or action, where that remains elusive, that you would be able to characterize to the chair of the ‘More, Better, Faster’ Working Group and to this Board why we can’t get somewhere, what processes will continue to arrive at some products or just confess a failure, whether we can’t get to the agreement or have the lack of will or if there are associated resource issues, I’d like to have a lot of confidence in the university leadership, administration, and faculty. I came into this with that confidence and, of course, as many of you are getting to know as a personal characteristic, I’m incorrigibly optimistic. Further, Governor Kulongoski has asked for this work to be a priority and to move at a pace, so we will move forward together or we’ll know why we didn’t.

“We have built effective working relationships with key partners—the Governor’s policy advisors, the leadership of the Oregon Department of Education, and the State Board of Education, the leadership of the Office of Community Colleges and Workforce
Development, the Council of Community College Presidents—so that contact from them to you will be extremely important.

“The work that we have to do really will create a better postsecondary education platform and I believe it needs to occur at a pace that really respects the distance we have yet to travel. So, I appreciate the continued efforts and hope that we can make some good progress in the next couple of weeks,” she concluded.

6. **Reports**
   - **Interinstitutional Faculty Senate (IFS) President Peter Gilkey**
     Dr. Gilkey reported that the IFS had made Vice Chancellor Clark an honorary member of their group. “The IFS and some Board members have agreed to meet at the June Board meeting. We are delighted about that.”

     Dr. Gilkey has asked IFS senators to identify topics for conversation and compensation and curricular issues appear to be high on the list. He commended Ms. Denise Yunker and Ms. Lisa Zavala on the work they had done regarding the Optional Retirement Program. “We have a short term fix to it and the faculty commend OUS for its activities and its extremely hard work in solving this,” Dr. Gilkey added. Meetings have been held on most of the campuses and others are yet to be scheduled.

     “I have been to all of the ‘More, Better, Faster’ meetings and I would like to thank Gretchen Schuette. You invite us to the table; we are not members of your Working Group and yet we sit at the table. Yesterday, the faculty was sitting at the table engaging with you. I promise we will continue this effort.”

   - **Oregon Student Association (OSA)**
     Ms. Adriana Mendoza, the Political Affairs Executive for the Oregon Student Association, gave the reports. She thanked the Board for the meaningful way in which students have been able to provide input to their proceedings. “Students have greatly appreciated the opportunity to help shape the Governor’s proposal for need-based financial aid through Director Nesbitt’s Access and Affordability Working Group.

     “At some of the meetings, students have argued that elimination of the tuition plateau undermines the Board’s publicly stated goal of moving more students through better education faster. We’ve said repeatedly that we believe the tuition plateau does just the opposite. Today, we would like to further elaborate this point with data from three different states, showing that at both traditional universities and less traditional urban universities, removing the plateau leads to smaller course loads by students, longer time to completion, and diminished revenues from fees to the universities resulting from lower course loads.”

     Ms. Mendoza presented research to substantiate her positions (a full transcript of her remarks can be at obtained for the Board’s Office).
In closing, Ms. Mendoza said, “On behalf of students across Oregon, we urge the Board to take what has essentially been a finance-driven discussion and make it a student-driven discussion because it is clear that if this issue is primarily driven by financial pressure, we would hate to see that pressure lead to policy we know has lasting negative consequences for students.”

7. **Chief Operating Officer and University Presidents’ Report**
   Due to the pressure of time, there was no Chief Operating Officer report or reports from the presidents.

8. **Public Input**
   There was public input.

9. **Delegation of Authority to Board’s Executive Committee**
   Director von Schlegell 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.


10. **Adjournment**
    The meeting adjourned at 12:50 p.m.

    Virginia L. Thompson
    Secretary to the Board

    Geraldine Richmond
    Board Vice President