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

President Henry Lorenzen called the meeting of the State Board of Higher Education to order at 9:17 a.m.

**The following Board members were present:** Don Blair, Bridget Burns, Kirby Dyess, Henry Lorenzen, Adriana Mendoza, Tim Nesbitt, Geri Richmond, Gretchen Schuette, Howard Sohn, John von Schlegell, and Tony Van Vliet.

**OUS staff present included:** George Pernsteiner, Michael Green, Ryan Hagemann, Jay Kenton, Ben Rawlins, and Susan Weeks.

**Others present included:** Presidents Dan Bernstine, Philip Conn, Khosrow Fatemi, David Frohnmayer, Ed Ray, and Elisabeth Zinser. OHSU Provost Lesley Hallick and OIT Provost Dave Woodall were also present.

Meeting attendees also included OUS staff, faculty, institution representatives, the press, and interested observers.

**Approval of Minutes**

- Regular Board Meeting, June 3, 2005

President Lorenzen asked if there were any additions or corrections to the draft minutes of the June 3, 2005, Board meeting. He called for a motion to approve the draft minutes of the June 3, 2005, Board meeting. Director Van Vliet moved approval and Director Mendoza seconded the motion. All in favor: Blair, Burns, Dyess, Lorenzen, Mendoza, Nesbitt, Richmond, Schuette, Sohn, von Schlegell, and Van Vliet. Opposed: none. Motion passed.

2. **CONSENT ITEMS**

   a. **WOU, B.A. in German Studies**

   **DOCKET ITEM:**

   This is an interdisciplinary degree with a German focus. The goal of our German Studies Major is to allow students to integrate their knowledge of German language, history, and culture with other related fields of interest in order to promote a broader
understanding of their world and improve their professional opportunities. The German Studies major will also provide intellectual and critical approaches to the study of literature, philosophy, and history. It encourages students to examine themselves in relation to foreign cultures and ideas that may challenge their perceptions and preconceptions of themselves and the world. The interdisciplinary courses encourage students to draw connections across disciplines and relate their study of German to a larger historical/perceptual field. The program also stresses a strong foundation in the language and culture of German-speaking countries. All courses but one are taught entirely in German. In that regard, the program emphasizes language proficiency within the context of a cultural/philosophical framework. The German Studies major program requires either study abroad or the completion of an internship and capstone project as a part of the major.

With respect to learning outcomes, upon completion of this program, students will be familiar with all aspects of German Studies – language, literature, philosophy, history, and culture – and will be able to demonstrate a high level of competence in these areas. Moreover, the extended immersion in language through study abroad will enable students to become proficient in the German language. By studying abroad or engaging in an internship and capstone as required, students will gain greater knowledge and experience in practical or real-world contexts. Through the culminating capstone, students will learn how to synthesize and integrate multiple perspectives.

Student interest in a German Studies program is very high and Western already expects several students to enter into the proposed major next year, once the major is approved. There are also students looking for additional German courses who are eager to enter the program once it is approved. Salem area high schools, from where WOU draw many of their students, have strong German programs and colleagues have reported increasing numbers of students taking German.

WOU expects 9 to 12 students to add German Studies as their major for a total of 36-48 students within four years.

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

Recommendation to the Board:
The OUS Provosts' Council recommended that the Board authorize Western Oregon University to establish an instructional program leading to a B.A. in German Studies, effective Fall 2005.

b. OHSU, Certificate in Pediatric Dentistry

DOCKET ITEM:

Oregon Health and Science University proposes to re-establish an advanced specialty education program in pediatric dentistry in the School of Dentistry that meets the
Standards of the Commission on Dental Accreditation. The Pediatric Dentistry Program will be a two-year dental school based residency. This program was curtailed approximately ten years ago as a result of the reductions resulting from the state's property tax limitation initiative.

To receive a certificate in pediatric dentistry, a dentist must satisfactorily complete a minimum of 24 months in an advanced education program accredited by the Commission on Dental Accreditation of the American Dental Association (ADA). The OHSU Pediatric Dentistry Program will provide a full range of clinical experiences in pediatric dental care that are supported by an in-depth, critical, and scholarly appraisal of the specialty knowledge base. The resident will be exposed to clinical opportunities in behavior management, conscious sedation, hospital dentistry and general anesthesia, pediatric medicine, dental care of developmentally and medically compromised children, trauma management, growth and development, orthodontic diagnosis, treatment planning, biomechanics, craniofacial anomalies, and other special areas of pediatric dental care through the clinical resources of OHSU Doernbecher Children's Hospital, Child Development and Rehabilitation Center, and the School of Dentistry. The clinical experiences will be strongly supported by a structured didactic curriculum, which uses directed seminars, case presentation formats, and hands on research. The curriculum is designed to encourage critical thinking appropriate to specialty level education in pediatric dentistry.

There is a severe shortage of pediatric dentists in Oregon and the nation. In 22 of the 32 counties in Oregon, there currently are no practicing pediatric dentists. Of the counties that do have pediatric dentists, 51 percent of those practitioners are over 50 years of age. The national need for access to dental care for children, especially those with special needs, was well documented in the 2000 Surgeon General Report, Oral Health in America, and in state and regional dental reports.

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

**Recommendation to the Board:**
The OUS Provosts’ Council recommended that the Board authorize Oregon Health and Science University to establish an instructional program leading to the Certificate in Pediatric Dentistry, effective immediately.

**BOARD DISCUSSION AND ACTION:**
President Lorenzen asked if any Board members would like to consider an item on the consent agenda separately. Hearing no questions or requests, he called for a motion to approve the consent agenda as outlined in the docket. Director Sohn moved approval of the consent agenda and Director Van Vliet seconded the motion. All in favor: Blair, Burns, Dyess, Mendoza, Nesbitt, Richmond, Schuette, Sohn, von Schlegell, Van Vliet, Lorenzen. Opposed: none. Motion passed.
3. REPORT ITEMS

a. Academic Excellence and Economic Development Progress Report

DOCKET ITEM:

In July 2004, the Board received a progress report on the work of the Academic Excellence and Economic Development (AEED) working group. At that time, the goals of AEED had been established; more than a dozen opportunity areas had been identified for review; visits to all OUS campuses, Oregon Health and Science University, and Clackamas Community College had been conducted; reports from half of the opportunity area subcommittees had been completed; and initial findings and recommendations had been developed.

Over the past year, the remaining opportunity area subcommittee reports have been completed and AEED discussions have focused on identifying the smaller set of areas that individually or in combination with other areas would accomplish the primary AEED goal of identifying areas that:

- Show a measurable return on investment over 20 years, with interim results at earlier intervals;
- Collectively, touch every part of Oregon;
- Build on existing or emerging momentum;
- Draw on and reinforce excellence in academic programs; and
- Offer opportunities that are exciting and easy to conceptualize.

The AEED narrowed its focus to six opportunity areas, which it is recommending for future support or development:

1. Engineering and information technology (through ETIC)
2. Healthcare workforce
3. K-12 education
4. Neuroscience and biomedical research
5. Nanoscience and microtechnologies (through ONAMI)
6. Sustainability and natural resources

AEED recommendations address the organizational location and support structures needed to best develop these opportunity areas, ways to better communicate the results of innovation and discovery generated by Oregon’s postsecondary institutions, and the long-term planning issues for the Board regarding the overall research and development enterprise. Not surprisingly, the nearly 18 months of AEED work reinforced the conclusion that investment in postsecondary education is absolutely critical to the future health of Oregon’s economy.
A complete report covering these topics will be presented by AEED chair Kirby Dyess at the July 15, 2005, regular meeting of the Board.

BOARD DISCUSSION:

President Lorenzen called on Director and Academic Excellence and Economic Development (AEED) working group chair Kirby Dyess for the AEED report. She opened the report by acknowledging the hard work of AEED members, OUS institutions, and staff. Director Dyess noted that the working group had compiled a booklet to reflect the presentation, which contained a summary of the group's recommendations. She also mentioned the diagram of the university innovation cycle and the six areas that the group was bringing to the Board for discussion and consideration.

Director Dyess observed the Governor's charge to the group was to pick some areas of economic development that were based on excellence within the institutions, could show a measurable return on investment in the next 20 years, touched all parts of Oregon, and was built on existing momentum. She noted that the group started with about a dozen areas, but narrowed the presentation down to six because the group felt it could add value to the six in the near future. Director Dyess walked through the six areas, identifying them with industry clusters and noting three of the areas—education, engineering and information technology, and health care—were focused on infrastructure. Director Dyess noted that she would outline four of the identified areas and would turn to Dennis Stiles for an ONAMI discussion and Director von Schlegell for some words on the sustainability initiative.

Director Dyess started with the engineering and information technology area, outlining the work of ETIC and their successful goals and initiatives. She explained the public funding aspect and that it was a program that deserved funding because it was making strides with measurable results. Director Dyess turned to the health care area, observing that there was a senate bill that focused on assessments to understand what the needs in health care would be. She addressed the collaboration and coordination in looking across the health care curriculum and shared the efforts to address health care across the institutions with an ETIC-like model. Director Dyess noted that the group felt the Governor's Office would be best suited to drive the health care initiatives.

Director Dyess discussed education next adding that the group felt this would be an area well suited for the Joint Boards. She observed the sense that there was not a tremendous amount of sharing of research and that a virtual policy research center could make the research more accessible. Director Dyess also reviewed the fourth area of neuroscience and biomedical research. She noted the tradition of excellence with the University of Oregon regarding neuroscience, pointing out the tremendous research being done by the extension services. Director Dyess shared that UO and OHSU could remain in the lead with neuroscience and biomedical research in Oregon.
Director Dyess turned to Dennis Stiles, ONAMI co-director, for a discussion of the fifth area of nanoscience and microtechnology. Director Dyess noted that Stiles was the first Pacific Northwest National Laboratory employee to move to Oregon to join ONAMI. Stiles observed that ONAMI was the first investment by the state to create a science and technology signature for the state. He stated that ONAMI has worked to define a set of research thrusts that draw on areas of excellence, with the idea to link higher education research infrastructure to new job opportunities. Stiles noted that Oregon was the first state where a branch laboratory was established to be close to collaborators.

Stiles continued with a review of the research thrusts that build on centers of excellence, including microtechnology, with an energy system emphasis. He noted some entrepreneurs were looking into initial products and adapting products from military applications into sports and recreation applications. Stiles added that the nanoscience side of ONAMI had also been carefully selected. He observed that ONAMI partners had selected areas that were distinctive to Oregon and that could link well with Oregon's industrial base. He reviewed work in nanoelectronics.

Stiles discussed the infusion of research funding to support the work and the fact that ONAMI had generated a significant amount of attention in the state. He also reviewed new research thrusts, such as the combination of biology and nanoscience, sustainability, and new applications to the natural resource industry. Stiles concluded by noting that sustained attention and investment by the state would provide significant dividends.

Before turning to the final area of sustainability, Director Dyess noted that it is easy to think of nanoscience and microtechnology as being isolated to the high tech industry. She observed that having the signature research center and association with the Pacific Northwest National Laboratory was exciting. Director Richmond asked what efforts were out there to reach out to the other national laboratories with more extensive efforts in nanoscience. Stiles noted work with other laboratories, including Oakbridge and Brookhaven.

Director Dyess turned to Director von Schlegell for a discussion of the sustainability area. Director von Schlegell observed the tremendous economic potential for sustainability and the advantage Oregon had with "branding." He reviewed the EPA definition of "people, place, and profits" and added that the perception of sustainability as an exclusively environmental concept needed to be overcome. Director von Schlegell mentioned that our institutions of higher education were leading the way in many areas critical to sustainability. He summarized that to more effectively harness the universities' strengths, there is a need for: (1) a systematic function across disciplines and particularly across institutions with a cluster focus for application, (2) a statewide institutional memory, (3) an entry point for national and international outsiders to the state to access expertise and information, and (4) a more systematic approach to the international world.
He offered that the group would like to see the State Board of Higher Education lead the coordination of the sustainability initiative, not only because of existing momentum, but also because of the window of opportunity to move. Director von Schlegell stated that the group would like to propose a Board initiative to the Governor that would be funded by relevant state agencies, with a goal of matching the fund with private sector contributions. Director von Schlegell concluded with the steps to an action plan, including (1) providing a bridge between research and application, (2) adopting a strategy with OUS institutions for a real or virtual research center to undertake applied research, and (3) developing cross-institutional degree programs in sustainable development and renewable energy.

Director Dyess reiterated the suggestion that the State Board of Higher Education and OUS take the lead with the sustainability initiative. Director Richmond added that she was excited about the opportunities in sustainability because of Oregon’s chance to jump in at the right time and President Ray echoed her comments.

Director Dyess turned to the recommendations. She noted there were three emerging opportunity areas that were long-term economic drivers and there were three that were infrastructure of all the different clusters that grow well in Oregon. Director Dyess started with the entities the group proposes take the lead with the six initiatives. She observed that nanoscience and microtechnology were on a run and that OCKED and ONAMI were taking the lead within the state. With regard to neuroscience and biomedical research, Director Dyess recognized the efforts of the University of Oregon and OHSU and suggested leaving leadership of those areas with those institutions. She stressed the importance of assisting with commercialization. She added that ETIC lead the engineering and information technology initiative, Joint Boards assume a leadership role with education, the Governor’s Office take the lead with health care, and the Board and OUS lead on sustainability.

In addition to the six areas, Director Dyess discussed additional recommendations to further AEED’s work. She noted the interest in a top-ranked cooperative MBA program and discussed the Oregon Executive MBA. She recognized the need to examine the advanced research functions at all of the OUS campuses and the importance of encouraging interdisciplinary and interinstitutional research. Director Dyess mentioned the importance of exploring models of research commercialization for the smaller universities. President Lorenzen thanked Director Dyess and acknowledged the quality and scope of work.

Director Blair echoed President Lorenzen’s comments and noted her discussion of the leadership model. Director Blair observed that, in order to be successful with these types of initiatives, there needs to be clarity with measurable goals and objectives and that appropriate leadership has both the authority and accountability to make things happen. Director Blair noted that higher education tends to have collaborative leadership models and while that might have some advantages, there are some limitations, as well. He also asked whether the System should put emphasis behind one specific institution for an initiative or spread out across institutions with a super-
institutional structure to coordinate. Director Blair summarized that the real question was how does the System lead.

Director von Schlegell responded to Director Blair’s leadership questions from the perspective of the sustainability initiative, noting the work of Susan Bragdon and the proposed eighteen-month duration to achieve short-term goals. President Ray noted the configuration of institutions in the state and observed it would be most important to identify critical mass behind an initiative and that in Oregon that would more than likely include one institution. Director Dyess reminded the Board of the successful ONAMI model and stressed the importance of knowing who was in charge and who is going to do what.

President Frohnmayer acknowledged the work of the group and added that Oregon operated at a disadvantage because of the lack of funding available for these initiatives. President Zinser added that she appreciated the perspective to include the smaller institutions in the discussion of research. Director Richmond thanked the group and noted that much of the funding behind these initiatives would come from the federal government and that it could create fertile ground for new areas of research. She cautioned against becoming too proscriptive and stressed the importance allowing smart, new faculty to blossom in Oregon.

President Lorenzen asked Director Dyess where the Board should go from this point. Director Dyess noted that she would like the Board to step up and accept the leadership role with the sustainability initiative. She also observed that she would like some guidance as to whether the Board would like to continue with an AEED working group. Director Dyess echoed Director Richmond’s comments and added that it could be part of the strategic planning exercise. Director Van Vliet returned to Director Dyess’s point about distribution of research, noting that it takes a different type of person to distribute research information. President Lorenzen shared that he believed that the Board should meet in-person in August to determine how to focus on these issues and how to approach long-range planning.

b. Interim Report and Recommendations of Board-Appointed Subcommittee on Sexual Harassment and Consensual Relations (Rawlins)

DOCKET ITEM:

Background:
The State Board of Higher Education, at its June 2005 meeting, received status reports and analyses from the institutions within the Oregon University System on their respective policies and implementation relating to sexual harassment and consensual relations. Board President Lorenzen charged Board members Dyess and Richmond (subcommittee) with the task of providing recommendations on Board and institutional policy and procedure.
Overview
The subcommittee finds that the institutions of the OUS appropriately set forth that sexual harassment is contrary to their missions, goals, and positive learning environments.

The subcommittee finds that the institutions of the OUS appropriately caution against the dangers of consensual relations and particularly when power differentials exist.

The subcommittee finds that the policies and procedures of the OUS institutions can and must be strengthened by adherence to the following principles:

1. Providing common definitions, and proposed administrative rule:

   A. Sexual harassment

   Institutions should utilize a core definition that embraces the current OUS policy of restricting sexual harassment against students (note OAR 580-015-010 and 909-0160) and employees (note OAR 580-021-0050).

   The subcommittee recommends all institutions use the following definition: “sexual harassment is any unwelcome and unwanted sexual advance or request for sexual favor or other verbal or physical conduct of a sexual nature when: (A) Submission to or rejection of such conduct is made either explicitly or implicitly a term or condition of an individual’s employment or academic experience, or (B) Submission to or rejection of such conduct is used explicitly or implicitly as a basis for any decision affecting terms or conditions of an individual’s employment or academic experience, or (C) Such conduct has the effect of unreasonably interfering with an individual’s work performance, receipt of services or academic activities, or creates an intimidating, hostile, or offensive environment.”

   B. Consensual relations with power differential

   OUS institutional policies on consensual relations vary in their mandated response. The Subcommittee recommends that all OUS institutions utilize a common definition and ensure a common level of protection by compliance with a Board-approved administrative rule.

   The definition of consensual relations is a relationship between members of the university community that is amorous, romantic, or sexual in nature in which parties are willing participants. A power differential exists in consensual relations when one party has actual or perceived authority in areas of employment supervision or academic evaluations.

   C. Recommended Administrative Rule

   OAR 580-015-XXXX
   All institutions or divisions shall develop and implement policies regarding consensual relations between employees and students. Such policies shall have
an explanation of, and cautions against, power differentials and shall provide avenues to protect students from harm or benefit in any academic program as a result of a consensual relationship with an employee.

2. The subcommittee recommends that all institutional policies contain clear and unambiguous statements prohibiting:

   A. Sexual harassment;
   B. Consensual relations where a power differential exists;
   C. Acts of retaliation when sexual harassment or consensual relations with a power differential are reported; and
   D. The false reporting of sexual harassment or consensual relations where a power differential exists.

3. Clearly state and provide assistance in the lodging of sexual harassment or in reporting consensual relations where a power differential exists.

   The subcommittee notes that current Board policy on student sexual harassment complaints (see OAR 580-0015-0090 through 0100) requires the designation of “a person to serve as a grievance counselor to assist students . . . in formulating and following up on complaints of alleged prohibited discrimination.” The Subcommittee finds that such a provision of assistance is valuable and necessary for students and employees.

   Accordingly, the subcommittee recommends that OUS institutions identify persons, offices, or entities for students and employees, to assist in providing information on the filing of or the pursuance of sexual harassment complaints or in reporting consensual relations where a power differential exists. The identification of such assistance should include persons or entities external to the campus. Offices within the Chancellor’s Office shall be available for such roles.

4. Impartiality of investigator and decision-maker

   The subcommittee’s review underscores the fact that a successful sexual harassment policy is dependent upon an impartial investigator and decision-maker. Accordingly, the subcommittee recommends that each OUS institutional policy on sexual harassment inform both complainant and respondent of the identity of the relevant investigator and decision maker prior to any investigation of allegations and provide the complainant and respondent an opportunity to set forth facts relevant to that investigator and/or decision maker’s lack of impartiality. Should facts support a finding of partiality, each campus shall provide an alternate investigator and/or decision maker. Dependent on the facts of the case, campuses may identify alternative investigators and/or decision-makers external to the campus.
5. Best practices

The subcommittee noted several aspects of campus policies that warrant inclusion in all campus policies and recommends the following:

A. A flow chart depicting the progression and resolution option points for sexual harassment complaints;
B. Clearly stated timelines for resolution and/or requests for time extensions of complaints;
C. The provision of periodic training for all investigators and/or decision makers for sexual harassment complaints; and
D. A statement of the possible consequences for violating the sexual harassment and consensual relations policies (Note: Possible sanctions for tenured-faculty campuses must be consistent with OAR 580-021-0320).

6. Campus-wide training

The subcommittee’s review confirms the philosophy that a broad dissemination of information to the entire campus, training of faculty and administration at all levels and periodic training of decision makers are vital to successful sexual harassment and consensual relations policies.

The subcommittee recommends that each campus policy ensure annual notification of these policies to all persons on the campus or extended campus and wide dissemination or access to the policies for the entire campus. Campuses should include a process of confirming the employee’s and student’s access to, or receipt and acceptance of, the terms of the policies annually (sexual harassment and consensual relations).

7. Periodic assessment of campus climate

The subcommittee recommends annual tracking of sexual harassment cases per campus. This annual tracking should include, at a minimum:

- The number of cases filed at the formal level;
- The number or percentage in which sexual harassment was found to have occurred; and
- The sanction provided.

(Note: Annual reporting must be careful to avoid reporting where the confidentiality of the person may be compromised.)

The subcommittee recommends a periodic assessment of the effectiveness of campus sexual harassment policies. The assessment should be at intervals of three years and include an assessment of campus climate and the perception of effectiveness of the campus policy.
BOARD DISCUSSION:

President Lorenzen called on OUS General Counsel for a review of the interim report on sexual harassment and consensual relations. Rawlins observed that it was originally intended that the report come to the Board for full consideration, but staff had received additional comments from the campuses. He noted that staff would continue work on introductory language, clearly articulating Board priorities and working on definitions. Rawlins added that the docket document did substantially reflect the composite of reports received to date, but he would be working with the Board’s subcommittee to move the report forward.

Director Dyess shared that the Interinstitutional Faculty Senate offered some good comments at the morning’s meeting. Director Richmond observed that it was important to treat sexual harassment and consensual relationships differently, noting that sexual harassment must be prohibited, but consensual relationships treated akin to conflicts of interest.

4. ACTION ITEM

a. 2005-06 Academic Year Fee Book

DOCKET ITEM:

Background:
This item is a follow-up from the June 2005 Board meeting in which tuition and fees were briefly discussed but action was deferred pending additional information and to await subsequent legislative action that could place further limits on proposed rates. At the June meeting, additional information was requested regarding: 1) the definition and magnitude of resource fees at each campus; 2) a historical perspective of tuition and fee rates at each campus; and 3) greater detail regarding fees rate changes at different credit hour carrying loads.

Since the June Board meeting, the Co-chairs of the Ways and Means Committees in the House and Senate have released their respective proposed budgets. The two budget versions differ with regard to limits placed on tuition and resource fees. However, it is likely that resident undergraduate tuition and resource fees will be limited in some manner by both the Senate and the House. Time is now of the essence as students are coming to campuses for orientations to pre-register for classes and the UO Law school, which operates on a semester calendar, will need to have its fees established prior to the end of July.

Resource Fees:
Currently, the Fee Book defines resource fee policies (pages 14-15 in the Fee Book) as follows:
Resource fees take three forms: 1) universal fees assessed to all students, (e.g., technology fees, registration fees, student service fees, and energy surcharge fees); 2) program fees assessed to students admitted to particular academic programs, also known as programmatic resource fees; and 3) one-time fees for first-term students, also known as matriculation fees.

A. A resource fee is an enrollment fee assessed to students admitted to, or enrolled in, a school, college, department, or degree program. It may be assessed to certain classes of students, such as all freshmen, seniors, graduates, etc., or to students admitted to, or enrolled in, a degree program such as business, engineering, law, etc.

B. A resource fee is not a laboratory or course fee and cannot be applied as such.*

* This Fee Book does not establish Laboratory or Course Fees that concern only one institution. The Laboratory or Course Fees must be published in the institution’s catalogue and/or time schedule of classes. Laboratory or Course Fees are limited to institutional sale to students of equipment, materials, or services required as a part of course instruction where:

The equipment or material:
1) Is retained as the personal property of the student at the conclusion of the course, and
2) Is not readily available for purchase through the bookstore or other external source.

The service is essentially the equivalent of textbooks as a tool of instruction (such as a charge for film rental in a course in cinematic art or travel to field sites for certain courses). Approval will not be given for Laboratory or Course Fees that constitute a charge for the use of institution owned equipment, for specimens, for reagents, for software licenses or other microcomputer application charges for goods or services not retained by the student, or for other materials and supplies consumed in the instruction process, except for certain non-required physical education courses that involve use of non-state-owned facilities or expensive equipment.

C. Institutions will determine the number and level of resource fees to be assessed. The institution must submit its request for a resource fee to the Chancellor to be submitted to the Board of Higher Education for approval in accordance with the procedures established for approval of the Academic Year Fee Book.

The next section defines how campuses have implemented these policies:

Universal resource fees include technology fees (all campuses), student service fees (PSU), registration fees (UO), and energy surcharge fees (EOU and UO). To fund
technology infrastructure and other technology services that have direct or indirect benefits for students, campuses use technology fees. Campuses have advisory committees that advise the campus chief technology officer or equivalent on the use of these fees. Funds raised from technology fees are used to fund technology support staff, hardware, and software purchases and other applications or services as accepted by the advisory committee. The other universal resource fees are student service fees at PSU that fund enhanced services to students; registration fees at UO that fund registration activities; and energy surcharge fees at EOU and UO used to offset energy costs.

One-time resource fees take the form of matriculation fees assessed to all new and transfer students. Typically, revenues from these fees are used to fund orientation and advising activities for new and transfer students.

Programmatic resource fees are not unlike differential tuition as they are assessed to students enrolled in certain programs. Typically, funds collected from these fees are earmarked for the use of the program. These fees provide funds to assist with faculty, resource materials, equipment, and specialized services. Students typically receive supplemental services as a result of paying these fees.

The charts provided in Appendix A-1 show the history of universal, programmatic, and one-time resource fees at each campus over the last ten years. As you can see from these analyses (pages 43-48), the utilization and magnitude of resource fees vary greatly by campus. All campuses assess some type of universal and one-time resource fees; however, two campuses, Eastern Oregon University and Western Oregon University, have no programmatic resource fees.

Currently, resource fees are limited to 9.1 percent of tuition income for the biennium. Based on early revenue estimates provided by the campuses, the resource fee rates proposed in this docket appear to comply with this limitation. We are currently working with campuses to update these estimates based on the latest enrollment information. If revised estimates yield increased projected resource fee revenue or if resident undergraduate tuition is further limited by the legislature, these proposed resource fee rates may need to be revised to comport with these limitations. We are hopeful that we will know more about these estimates and legislative limitations by the date of the Board meeting.

Analysis of Proposed Tuition and Fee Increases:
The table and charts included in Appendix A-2 (pages 49-58) show the ten-year history of tuition and fee rates by institution (1996-97 to 2005-06 as proposed without the effects of any potential legislative limitations). These graphs illustrate the changes in total tuition and fee rates for resident and nonresident undergraduate and graduate students carrying 7, 12, and 15 credit hours. The average tuition increase for undergraduates has been 52-65 percent for resident students and 44-60 percent for nonresident students over this ten-year period. Graduate students have experienced
larger increases over this same ten-year period with increases ranging from 59-102 percent for residents and 54-80 percent for nonresidents.

As you can see on the tables comparing tuition and fees at OUS institutions to peer and Western Regional institutions (Appendix A-3, pages 59-61), OUS has among the highest tuition and fee rates in these cohort groups. Nevertheless, this has been the case for some time, and OUS' ranking compared to this cohort group has not changed significantly over time indicating that these cohort institutions have also increased their tuition significantly in recent years.

Some other factors to consider in analyzing these trends are the changes in the consumer price index over the last ten years. The Western urban index has increased from 159.6 in 1997 to 194.5 in 2005 (1982-84 = 100), an increase of 22 percent over this nine-year period. OUS has also experienced extraordinary increases during this period in the cost of employee benefits, library materials (serials and journals), building materials, travel costs due to high fuel costs, and utilities. Salaries have also increased during this time, although we continue to lag behind peers in most categories.

In addition, in 1996-97, OUS had 64,131 students and an appropriation from the state of approximately $256 million. In 2005-06, OUS expects to serve nearly 86,000 students with an estimated annual appropriation of approximately $360 million. Thus, the appropriation funding per student has been relatively constant over this time but costs have increased significantly, forcing institutions to increasingly rely upon tuition as a means of funding these increased costs. In 1996, total education and General Fund revenues were comprised of 48 percent tuition, 43 percent appropriation, and 9 percent other revenues. By 2004, this mix had changed to 56 percent tuition, 36 percent appropriation, and 8 percent other revenues.

Proposed Tuition and Fee Changes:
The proposals included in the 2005-06 Academic Year Fee Book include proposed rate changes and other structural changes. The various fee proposals submitted by each institution undergo a review by Chancellor's Office staff to assure that the proposals comply with related statutes, Board policy, Executive expectations, and known Legislative expectations. As noted above, staff will ensure that additional changes needed to comport with subsequent Legislative expectations, if any, are approved and implemented in accordance with these expectations and any actions taken at this or subsequent Board meetings. The 2005-06 Draft Academic Year Fee Book contained:

- A summary of the tuition and fee proposals and changes from 2005-06 rates;
- The addition of the Voyager Fee remission program policies;
- Detailed tuition and fee tables for each campus; and
- Housing policies and proposed rates.

Appendix A-4 contains tables that detail the proposed tuition and fee changes for all institutions by carrying load (pages 63-84). (Note: All current tuition proposals are contrasted against tuition rates for 2004-05 that resulted after the application of the
tuition mitigation actions taken in 2004-05. These proposed rates are before any tuition buy-down or resource fee limitations that may result from current the Legislative session).

Three changes in tuition structure have been proposed:
- EOU proposes that its nonresident graduate tuition differential be eliminated;
- OSU is proposing to reinstate its undergraduate tuition plateau from 12-16 credit hours; and
- WOU is proposing the elimination of the tuition plateau.

**Overall Summary:**
The increases proposed above comply with the Executive agreement that tuition not increase by more than 7 percent in the first year of the biennium (proposed aggregate increase for OUS equals 6.7 percent for resident undergraduates and 4.8 percent for all students in year one). In addition, the proposed resource fees equate to a 9.0 percent aggregate increase over the biennium, less than the 9.1 percent limit that has been established. Should actual amounts exceed projected thresholds in year one, adjustments will be made in year two rates to ensure adherence to these biennial limitations

**Proposed Residence Hall and Food Service Charges:**
Institutional residence halls and food services operate as auxiliary services. As such, auxiliary fees and charges are expected to cover the cost of their operations. In recommending residence hall room and board charges for 2005-06, institution administrators estimated residence hall occupancy in relation to enrollment projections and present occupancy patterns.

Proposed changes for 2005-06 in room and board rates will decrease/increase between -8.4 percent and +8.6 percent.
### Table 4
**Room and Board Comparisons**

<table>
<thead>
<tr>
<th>Institution</th>
<th>2004-05</th>
<th>2005-06</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Oregon University</td>
<td>6,425</td>
<td>6,900</td>
<td>7.4%</td>
</tr>
<tr>
<td>Basic multiple, 14 meals + $75 flex</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>5,935</td>
<td>5,437</td>
<td>-8.4%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oregon State University</td>
<td>6,627</td>
<td>6,894</td>
<td>4.0%</td>
</tr>
<tr>
<td>Basic multiple, 17 meals + $60 flex</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Portland State University</td>
<td>6,375</td>
<td>6,923</td>
<td>8.6%</td>
</tr>
<tr>
<td>Ondine per person room and board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Southern Oregon University</td>
<td>6,351</td>
<td>6,843</td>
<td>7.7%</td>
</tr>
<tr>
<td>Basic multiple, 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>University of Oregon</td>
<td>7,331</td>
<td>7,496</td>
<td>2.3%</td>
</tr>
<tr>
<td>Basic multiple, approx 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Western Oregon University</td>
<td>5,860</td>
<td>6,190</td>
<td>5.6%</td>
</tr>
<tr>
<td>Basic multiple, approx 19 meals</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Public Hearing on Academic Year Fee Book:**

As was noted in June, two public hearings on the 2005-06 Academic Year Fee Book were held Monday, May 10, 2005, and Wednesday May 18, 2005, in Room 358 of Susan Campbell Hall on the University of Oregon campus. Approximately 15 students attended the public hearing. Oral and written testimony was presented at that time on the proposed changes outlined in the 2005-06 Academic Year Fee Book and a summary of the testimony is attached.

**Amendments to the 2005-06 Draft Academic Year Fee Book Subsequent to Printing:**

Since the 2005-06 Draft Fee Book was printed, campuses have submitted the following revisions to the initial draft of the 2005-06 Academic Year Fee Book.

**Oregon Institute of Technology – Paramedic and Clinical Lab Programs**

Currently, OHSU determines the rates for Incidental, Health Service, and Major Medical fees for the Paramedic and Clinical Lab programs provided at OIT. The 2005-06 rates are as follows: an Incidental Fee of $165.00 at 12 credit hours and above; a Health Service Fee of $198.00; and a Major Medical Fee of $619.41 assessed to all students enrolled in the program.
Oregon State University
OSU has withdrawn its request for an increase to its engineering resource fee for graduate students. The requested increase for 2005-06 applies to undergraduate students only.

Resource fee increases for graduate students in the Colleges of Science and Liberal Arts were listed in the Fee Book in error. The requested increases for 2005-06 apply to undergraduate students only.

Portland State University
PSU requests a reduction in its proposed student service fee from $9.00 to $7.50, increasing the student service fee $2.50 from 2004-05. This fee is assessed to all undergraduate and graduate students.

PSU requests a change to page 4, section E. Oregon Center for Advanced Technology Education, paragraph 1 – the last sentence has been edited to read, “Tuition and fees charged are per contracts established with the OUS institution conducting the class.” The remaining four paragraphs of this section have been eliminated. This correction reflects the change of OCATE administration from the System to PSU.

Southern Oregon University
SOU requests the addition of the following footnote to the tuition and fee tables: “A one time $200 Matriculation fee is assessed on all new and transfer students.”

University of Oregon – Incidental Fees for Graduate Students
UO requested changes to the incidental fees to be assessed to graduate students. Under their proposed amendment, incidental fees for graduate students begin at $151.65 for one credit hour and increment by $5 per credit hour up to eight credit hours and then by $4.75 for the ninth hour to reach $191.40 for full-time graduate students and the same level as is assessed to full-time undergraduate students.

University of Oregon requests a correction to the East Campus Graduate Village 1 Bedroom Apartment range to $555 - $570 per month.

Correction to page iv, Table 3 Programmatic Resource Fee Comparisons: The UO Honors College 04-05 comparison rate is $600 resulting in a rate decrease of 50 percent from 2004-05 to 2005-06.

Staff recommended that the Board adopt OAR 580-040-0040 as follows:
OAR 580-040-0040 Academic Year Fee Book. The document entitled Academic Year Fee Book, dated [June 4, 2004], as amended is hereby adopted by reference as a permanent rule. All prior adoptions of academic year fee documents are hereby repealed except as to rights and obligations previously acquired or incurred thereunder.

Through this action, the Board adopted the document entitled 2005-06 Academic Year Fee Book, the stated amendments to the draft document, and attached schedules noted
in this agenda item for all policy items and tuition and fee rates. The State Board of Higher Education hereby delegates to the Acting Chancellor the authority to: a) make downward adjustments to resident undergraduate tuition and resource fee rates as is needed to comport with subsequent legislative actions; and b) authorize minor clerical adjustments to the final document.

Summary of Testimony at Public Hearing
OAR 580-040-0040
2005-06 Academic Year Fee Book
May 18, 2005

Note: The information that follows is exactly the same as that which was included in the June docket. It is reprinted here for convenient reference.

A public hearing was held on Tuesday, May 18, 2005, from 10:00 a.m. to 11:00 a.m., in Room 358 of Susan Campbell Hall on the University of Oregon campus to provide an opportunity for comment on the proposed amendment to OAR 580-040-0040 to adopt the 2005-06 Academic Year Fee Book. Approximately 15 students attended the public hearing. Oral and written testimony was presented at that time and is summarized below.

Kevin Grant, OSU Senior and Director of State Affairs for ASOSU: Commented that since his start at OSU in 2000, tuition and fees have increased 46 percent. Next year, OSU students at the 12-credit level can expect to pay an additional $288 in tuition and another $60 in fees, totaling a $342 increase. He is pleased with OSU for returning to the plateau charges, but displeased about the increases those students taking 12 credits and under will have to pay. He argues that the programmatic resource fees are simply back door tuition increases to make up for the deficient state funding. Specific new programmatic resource fees noted in testimony per year are: $120 for Liberal Arts and Science students taking upper-division courses, $225 fee for Human Development and Family Science students, and the $300 fee for Design and Human Environment students in Apparel or Interior Design.

Along with Kevin’s testimony, several students identified their individual increases for the next year. Business students taking 15-16 credits per term will see increases of 1-2 percent, while students majoring in Interior Design and Human Development and Family Sciences taking 13-15 credits per term will pay increases between 8-10 percent.

Kailey Freeman, UO Junior: Is challenged by the continuous increase in tuition and fees and the fluctuation and ultimate reduction in financial aid. She notes that she lost her need-based fee remission when the cap was put into place. Changes in the tuition plateau influenced her decision to attend summer school and push through as quickly as possible to graduate early. As an Art major, she notes that she has course fees on top of the art major fee and tuition. She comments that the course fees are supposed to be for supplies, but she almost always has had to buy her own supplies for classes. Will now have to pay an additional $125 per term to be in her department. Comments that additional department fees are the same as tuition increases but hidden.
Michael Filippelli, UO Freshman: Accrued $6,000 in loans in first year with the aid of grants and the OUS Supplemental Fee Waiver. Will lose aid money this next year and commented that his family’s financial capability looks much better on paper than it is in reality, especially with another sibling at the UO. Will not be returning to campus dorms next year, especially with increases, as he can live more comfortably in a shared apartment and save $2,500 a year.

Kelly O’Brien, UO Junior and Nonresident: Disappointed that the fees to the Honors College were so high that he decided he could not afford the program. Additional fees such as the Honors College seem excessive with the tuition increases. Would like the Board of Higher Education to review the necessity of such fees and be aware of the exclusionary effect.

Mike Martell, UO and ASUO Executive Finance Coordinator: Understands the budget restraints that the University is operating under. Notes that the fees are creating a substantial burden for students. Would like all fees to be more transparent to the students for fiscal planning. An example given in his testimony is that of a freshman Honors College student with a double major who will owe an additional $825 per term than originally planned.

Adam Petkin, ASUO President and OSA Board Chair: Two major concerns are the tuition fee increases greater than the 7 percent outlined by the Governor and the 21 new programmatic resource fees proposed at OIT, OSU, PSU, and the UO. Understands that the Governor’s directive to keep tuition and fees at the Systemwide level at or below 7 percent, wants all campuses to stay under 7 percent increases to prevent huge increases. Charging programmatic resource fees is another way to charge tuition without calling it such and students are not aware of these fees when enrolling and planning their budgets. Notes that prioritizing access and affordability is inconsistent with raising tuition and initiating new resource fees.

James Murphy, PSU Computer Science major: The 60 percent increase in the Engineering and Computer Science resource fee, bringing it to $400 per term, makes it nearly as costly as a class. If this fee is passed, he will not be able to take a full load next year, forcing a decision to take time off to work and raise money, or work and attend school part-time putting off his anticipated graduation date another year or two. Oregon University System should not expect students to shoulder that kind of burden on top of tuition increases.

Christy Harper, PSU and ASPSU President: States that the dramatic tuition and fee increases and newly proposed programmatic resource fees make it nearly impossible for the PSU student to attain a bachelor’s degree in a timely fashion. Concerned that the 60 percent increase in the School of Engineering and Computer Science resource fee, the near doubling of the Student Affairs Fee, and the 9 percent increase in tuition will force students to drop out. Wants a Systemwide tuition cap and points out the large
discrepancy in increases within the System. Asks that we please don’t allow PSU to balance their budget through students by increasing resource fees.

_Troy Roberts, PSU Junior:_ Comments that students shouldn’t have to pay for the shortfalls. He has already paid for substantial tuition hikes, removal of the plateau, and now the increase in the Department of Engineering’s resource fee from $250 to $400 per term. Wants PSU to find other resources than the students to fund the engineering department. Wants some justification for the increase in the engineering resource fee. Believes that sophomores and junior level engineering students will transfer out to better programs with less cost. Proclaims to be a PSU die hard supporter and very involved with many student groups and is representing a larger voice than himself.

_Jack Crocifisso, UO Junior in Multimedia Design:_ With the individual course fees increasing, as well as new department fees, it makes it difficult to plan his budget. Many of these fees are not outlined clearly or explained ahead of registration and then just tacked onto the bill. Mentions a drawing class that charged a $50 supply fee and he only received three pieces of paper and still had to provide own supplies. Points out that there is little accountability in how the resource and course fees are spent and that if the fees are used for department operations then it is really another tuition charge.

**BOARD DISCUSSION AND ACTION:**

The Oregon Student Association requested to address the Board before the vote on the 2005-06 Academic Year Fee Book and President Lorenzen accommodated the request.

- **Oregon Student Association (OSA) Chair**

President Lorenzen recognized ASOSU President Dan McCarthy to speak on OSA’s behalf. McCarthy observed that the proposed 2005-06 Academic Fee Book was based on the Governor's Recommended Budget and it was not consonant with legislative budgets. McCarthy pointed out that the docket materials provided for the Chancellor to set final tuition based on legislative action, but noted that OSA felt that tuition should always be set at a public meeting. He continued that if the Chancellor were granted the authority to set final tuition, OSA would appreciate the opportunity to be present at meetings to keep the process somewhat public. McCarthy reiterated OSA's opposition to the elimination of the tuition plateau and its impact on access. McCarthy offered OSA's position on programmatic resource fees and their potential to be, in effect, backdoor tuition. He concluded that the Senate has recently passed the Oregon Student Assistance Commission’s budget and that OSA welcomed the opportunity to work with the Board to ensure the House passed the Senate’s version of the OSAC budget.

President Lorenzen turned to Vice Chancellor Jay Kenton to walk through the 2005-06 Academic Fee Book docket item. Kenton noted from the outset that staff was still waiting on final legislative action to reconcile requested fees with the budget. He turned to the questions from the June 2005 Board meeting. First, Kenton addressed resource fees, pointing out that resource fees take three forms: universal, program, and one-time
fees. He pointed Board members to trend analysis compiled in response to Board questions at the previous meeting.

After walking through the various universal resource fees and one-time fees on campus and noting that programmatic fees are not unlike differential tuition in that they are assessed to students in certain programs, Director Burns asked whether the new programmatic resource fees were developed for new programs or extra services or whether they replaced inadequate Education & General funds. Kenton asked institution presidents to respond and President Ray stated that he asked units at OSU for an explanation for what the programmatic resources fees were targeted and whether they were not merely substituting for tuition dollars. He noted the process should be reviewed in the future, but at OSU, each unit provided specific uses for fee money. Director Burns asked for more information on the programmatic fees in the liberal arts allocation and President Ray replied that the fees would be returned to the units offering the course to improve quality through strategies, such as additional or smaller laboratory units and more individual attention for students. President Ray reiterated that he would like to see specific information on how specific increases in fees are used and what it purchased on campus. Director Burns asked if the science labs President Ray discussed were in the liberal arts and President Ray noted that liberal arts and the College of Science made joint proposals. Director Burns asked why the various goals and services President Ray discussed were not covered by tuition and President Ray offered they were add-ons beyond what could be accomplished by existing tuition. President Ray noted that they could engage the debate regarding differential tuition for differential services, but the services paid for by the proposed fees were net additional services. Director Burns expressed concern about the increase in fees and President Ray concurred, noting the extensive use of resource fees over time and reiterating the possible discussion on differential tuition. Director Burns observed that the Oregon Opportunity Grant did not respond to increases in fees.

Director Blair shared that he was interested in productively engaging the conversation, noting that examining the issue with the level of granularity could be daunting. He stressed the importance of establishing some principles to ensure transparency. He noted that a clear conversation about principles could avoid the perception that an increase in fees was a backdoor tuition increase. Director Blair mentioned that he would need the help of staff and the institution presidents to engage the discussion on principles surrounding tuition and fees. He also observed that throughout the legislative cycle, the Board had spent much time discussing access and less time discussing excellence. Director Blair observed that there was not much discussion on where pricing mechanisms and economic equations impacted excellence. He asked for the students to join the Board in a conversation about excellence.

Director Nesbitt noted that, considering the relevant caps, the policy discussion surrounding tuition would always include the possibility of 9.1 percent in fees. He added that he appreciated the revelation that the Oregon Opportunity Grant did not capture the real cost of education. Director Nesbitt stated that he was less concerned if the differentials between fees were five or ten percent to reflect costs of programs, but
would be more concerned if it effectively resulted in differential tuition of 50 or 100 percent more than other students. Director Blair added that he believed it was the Board's obligation to ensure that the institutions were assessing and spending fees as they are represented.

President Lorenzen asked Kenton to discuss timing issues with the 2005-06 Academic Fee Book. Kenton observed that some programs, particularly law, were on a semester schedule and needed fees assessed at this meeting, if possible. He noted, at a minimum, it would be helpful if the tuition and fees not impacted by any potential legislative limitation be set at the meeting. President Lorenzen asked if the rolling approvals were practical and whether part of the fee book would be published. Kenton noted that staff would probably publish the approved fees and wait for the remainder after the legislature had acted. President Lorenzen asked if the Board passed the tuition and fees based on the Governor's Recommended Budget, whether any buy-down to comport with legislative action would be mechanical in nature or require judgment. Kenton noted that campuses would need to recalibrate tuition and fee proposals based on legislative action. President Lorenzen expressed his concern with a delegation of authority that would be anything other than mechanical in nature when setting tuition and fees. He also observed that he was concerned that students did not have information on what tuition and fees would be.

Acting Chancellor Pernsteiner outlined alternatives. He noted that the Board could set all tuition and fee rates that were not subject to any sort of legislative buy-down and leave the resident undergraduate tuition and fees open. Pernsteiner observed that he did not want to be in a position in which institutions could not levy their fees. President Lorenzen asked whether approving everything except resident undergraduate tuition and fees would pose an administrative hardship and Kenton replied that he did not believe it would. Director Van Vliet added that it was optimistic to think the legislature would be out by August. President Lorenzen stated that the Board could retain authority to adjust resident undergraduate tuition and fees to comport with legislative action.

Director Sohn asked if resident undergraduate tuition was independent from other forms of tuition and Kenton clarified that the legislature appeared poised to cap resident undergraduate tuition with general appropriation dollars, so the revenue picture would be roughly the same. Director Richmond expressed concern about graduate tuition. President Ray restated Director Van Vliet's suggestion to approve all tuition and fees in the docket and reserve the authority to change any rates that were changed by the legislature.

Director Nesbitt asked for clarification on whether it would be a mechanical adjustment after the legislature acted and Kenton and Assistant Vice Chancellor Nancy Heiligman observed it would not be a straightforward mathematical calculation. Director Blair asked if the buy-down included fees and Heiligman confirmed there was approximately $500,000 per year proposed for resource fee buy-down. Director Nesbitt suggested waiting until August in order to see what the legislature does and President Fatemi noted that it would cause difficulty for EOU because nonresident undergraduate tuition
was a function of resident undergraduate tuition. Director Burns suggested asking OSA for its opinion, highlighting the proposal to allow the Chancellor to make adjustments in a public venue. President Lorenzen reiterated his position that he thought the Board should retain its responsibility to exercise judgment about tuition and fees.

Director Mendoza stated that students needed to know the worst-case scenario and President Lorenzen observed that would be the fee book. President Ray reiterated Director Van Vliet's suggestion to approve the fee book subject to adjustment, then students would have some certainty as to the worst-case scenario. Director Dyess expressed concern about the administrative cost of addressing tuition and fees over and over again and Director Richmond added that she was frustrated at the mounting burden the uncertainty places on students. Director Van Vliet moved approval of the 2005-06 Academic Fee Book subject to the amendments in the undergraduate in-state tuition and resource fees as required by legislative action. Director Blair asked if the Board would add that to nonresident students at Eastern Oregon and President Lorenzen and Director Sohn clarified that EOU resident and nonresident tuition were tied together. Director Nesbitt offered a friendly amendment that the motion reflected that the legislative amendments were reductions. Director Dyess seconded the motion.

President Lorenzen asked for further discussion and Director Schuette added that she would like staff to frame the policy issues discussed at the meeting regarding fees. Director Mendoza suggested that presidents place commentary on their websites regarding what was going on with tuition and fees. Director Sohn asked for confirmation regarding whether the downward adjustment would be mechanical and President Lorenzen noted it would involve judgment.

Director Nesbitt observed three policy changes highlighted in the docket materials that he wanted to address. He noted the proposed elimination of the differential between EOU's nonresident graduate tuition. Director Nesbitt stated that the OSU reinstatement of the tuition plateau and WOU's proposed elimination of the tuition plateau should be acknowledged as part of the motion to accept the fee book. President Fatemi explained that EOU graduate programs were traditionally self-funded and, under previous fee books, units 1-8 were the same as resident tuition with a substantial increase at unit 9. Director Nesbitt asked for confirmation that graduate programs were self-supporting and President Fatemi observed that under the current proposal, they would not continue to be self-supporting. Director Nesbitt rephrased his inquiry, noting that it appears every level of resident and nonresident graduate tuition appeared to reduce. He asked whether it would impact undergraduate tuition and President Fatemi confirmed it would not.

Director Burns stated her objection to the proposed removal of the tuition plateau at WOU and asked about best practices and whether it made sense to recognize problems at one university and follow the same path at another institution. President Lorenzen noted that the tuition plateau carried a couple of considerations, identifying whether or not the decision is delegated to institutions. He contemplated whether or not tuition plateaus should be subject to a uniform policy or whether they should be fashioned by
the circumstances of each institution. Director Mendoza asked when the Board would engage in the tuition plateau debate and President Lorenzen observed at an appropriate time. Director Burns noted that the Board had identified several philosophical issues to discuss and that it would be important to have those discussions. Director Dyess confirmed that it was current Board policy to leave the tuition plateaus with the institutions and nothing had changed about that and President Lorenzen stated she was correct.

Returning to the motion, President Lorenzen called for a roll call vote. All in favor: Blair, Dyess, Lorenzen, Mendoza, Nesbitt, Richmond, Schuette, Sohn, von Schlegell, and Van Vliet. Opposed: Burns. Motion passed.

5. **PUBLIC INPUT**

President Lorenzen took public input out of agenda order to permit SEIU representative Michael Ellis to address the Board. Ellis identified himself as a carpenter at PSU and a representative of the 3700 OUS classified employees that were SEIU members. Ellis acknowledged that negotiations had been better than any time in the past ten years, but that there were delays in settlement because, the union believed, it was not being heard on major points of principle. Ellis expressed SEIU opposition to campus-specific raises and observed that workers across particular classifications should be treated the same. He noted some problems that might arise if different campuses paid people in the same classification different wages. Ellis also discussed the difference of certain information technology workers and the lack of agreement on how to “translate” the extra salary step.

6. **COMMITTEE REPORTS**

a. **Standing Committees**
   i. **Finance & Administration Committee**

President Lorenzen asked Director Blair for a report on the Finance & Administration Committee. Director Blair reviewed the work regarding endowment management and Committee requests for additional research and information on how to best eliminate duplicative efforts and work. He noted OUS staff provided three options to streamline endowment management and determined that two of the three were not feasible at this time. He concluded that staff would be developing a framework to have the Oregon State Treasury, as well as the Oregon Investment Council, directly manage the fund. Director Blair added that Board would have input regarding asset allocation and policy matters, but would not be directly managing the fund.

Director Nesbitt asked about the OIC and the voting of proxies as shareholders. Vice Chancellor Kenton reiterated that the OIC always had ultimate authority for decision-making and Director Blair added that his review of the docket materials supported Kenton's description.
Director Blair continued with the discussion of the Finance & Administration Committee’s draft charter. He mentioned that the Committee would be requesting the full Board review and approve its charter at the next Board meeting to codify some of the responsibilities and expectations of the F&A Committee.

Finally, Director Blair described a walk-on item regarding the Oregon Executive MBA program (OEMBA). He noted the UO is proposing to move the program from the CAPTIAL Center to downtown Portland. Director Blair added that the details of the lease would be fleshed out, but in the meantime, the Committee asked the UO and other OEMBA stakeholders to consider how the change in location can be considered in the overall context of the OEMBA success in the future. Director Dyess mentioned that the consideration of OEMBA’s success in a holistic context dovetailed well with her previous discussions in the AEED report.

b. Working Groups
   i. Access and Affordability

President Lorenzen asked Director Nesbitt if there was an Access and Affordability update. Director Nesbitt mentioned that the working group was awaiting final legislative action and direction on where to take Phase II of the working group’s effort to examine the shared responsibility model.

   ii. Excellence in Delivery and Productivity (Schuette)

President Lorenzen asked Director Schuette if there was an Excellence in Delivery and Productivity update. She noted that the working group continued to monitor Senate Bills 300 and 342 and funding for the data transfer system. Director Schuette observed the relationship between the work of the Joint Boards and the EDP working group. She added that there would be a full EDP report in the next couple of months.

c. Other Board Committees
   i. OHSU

President Lorenzen turned to Director Dyess for an OHSU report and she shared Provost Hallick would provide an update.

   ii. Oregon College Savings Plan

President Lorenzen turned to Director Nesbitt for an Oregon College Savings Plan update and he noted that the Board would meet next week, so there was no new information.

   iii. Joint Boards Working Group

President Lorenzen turned to Director Van Vliet for an update on the Joint Boards Working Group. Director Van Vliet noted that the working group would be meeting that
afternoon and had been divided into four subcommittees. He observed that from about 1979 or 1980, the legislature started to depart from the common good model to the user fee concept. He summarized a core issue would be to identify a stable source of funding that would get the state to where it would like to be. He noted that the user fee concept, particularly when applied to tuition and higher education, takes the public and common good off the hook.

7. Reports

a. Chancellor's Report

President Lorenzen called on Acting Chancellor George Pernsteiner for the Chancellor's Report. Pernsteiner stated that he had three announcements. First, he noted that Governor Kulongoski had announced a PK-20 education plan that would dedicate 61 percent of the State's general fund to education. Pernsteiner observed that the proposal would also guarantee a minimum 10-percent increase in appropriation from the previous biennium. Pernsteiner continued by describing the investment pool element of the proposal. He noted it was designed to provide some investment capital to make some choices to pay dividends in the future. Pernsteiner outlined the stability fund element of the proposal. He noted that capital construction would not be included in the proposal and that enrollment growth would be included if it were a certain percentage or size. He added that resident undergraduate tuition at both community colleges and OUS institutions would be restricted to the increase in family income in the state under the proposal.

Next, Pernsteiner called to the Board's attention that the July 2005 meeting was the 750th meeting of the State Board of Higher Education. He noted that the first meeting was before the Great Depression and that the business in front of the Board at the first meeting included audits of the five institutions and how to hire an executive secretary.

Pernsteiner turned to OUS Senior Associate Director for External & Government Relations Lisa Zavala for a legislative update. Zavala noted the legislative work continued despite the rolling adjournments. She observed the dividends of the hard work of the Chancellor, institution presidents, and staff. Zavala added that work on the operating budget was complete and final details were being hammered out. She noted the interest in the capital construction budget. Zavala mentioned that there is continued work on various substantive bills and that staff were tracking those moves. She observed that the Senate had approved the OSAC budget. Zavala echoed Pernsteiner's comments regarding the Governor's education plan proposal.

Director Nesbitt asked what the Board could expect from the House regarding the OSAC budget and Zavala replied there was a good deal of pressure to concur with the Senate's budget.
b. Presidents' Reports

President Lorenzen turned to the institution presidents for reports.

President Bernstine thanked Director Blair for attending PSU commencement, its largest ever, noted Dr. Jun Jiao’s receipt of the 2004 Presidential Early Career Award for Scientists and Engineers, shared Dr. Neil Ramiller’s best paper recognition, mentioned about 200 youth from the Police Activities League were on campus, added John Wyckoff had moved to Representative David Wu’s office, and congratulated Melissa Unger as the new executive director of OSA.

Provost Hallick mentioned OHSU reached agreement with AFSCME Local 328, a union that represents over 4,000 OHSU employees. She noted the contract was a four-year agreement. She shared the appointment of Dr. Sanjeef Kaul as the new Chief of Cardiovascular Medicine. Hallick discussed the work of the Neurological Sciences Institute in balance studies, the practical applications of the fertility center, and the research on the quality and cost of medicine by the Evidence Based Practice Center. She noted that OHSU had been named the resource center for methodology in this study. Hallick concluded that the director of the OHSU Ethics Center would be presenting at the White House Conference on Aging.

President Fatemi shared EOU opened a center in Hermiston, Oregon, an important step in creating a college-going culture in eastern Oregon.

President Conn mentioned a successful WOU commencement with Directors Schuette and Van Vliet in attendance. He described the Oregon Hispanic and Migrant Student Leadership Institute on campus.

President Zinser thanked Director Sohn for attending SOU commencement. She noted the Pacific Division of the American Academy for the Advancement of Sciences was on campus, at which three SOU students won first place for submissions, observed that the University of Guanajuato and SOU were collaborating on water research and sustainability, shared that SOU received a $1.4 million grant from the Office of Indian Education for Professional Development, and noted the recent publication of “Bad Language” by a SOU dean.

Provost Moseley noted the appointments of Frances Dyke as Vice President for Finance & Administration, Dr. Frances Bronet as Dean of Architecture and Allied Arts, and Don Harris as Vice Provost for Information Services. He noted that substantial gifts from Larry Lokay to complete fundraising for the School of Music building, which will be named after Maribel Frohnmayer. Moseley announced a second gift that would fund a journalism center in Portland. He announced UO General Counsel Melinda Grier’s election as the president of the National Association of College and University Attorneys and President Frohnmayer’s service on the national Board of Directors of Internet II.
Provost Woodall reported that President Dow was in China with the OIT men's basketball team. He noted a $750,000 grant from the Bureau of Land Management. Woodall observed OIT was proud that the legislature created the Oregon Center for Health Professions at OIT.

President Ray thanked President Lorenzen for speaking at the OSU commencement. Ray reported on OSU's significant progress and achievements in research and federal grants. He shared the exclusion of Blue Cross/Blue Shield from the recent announcement of PEEB healthcare plans in Linn, Benton, and Lincoln counties and the efforts to come to an agreement to provide access to that plan.

c. Provosts' Council

President Lorenzen called on OIT Provost Dave Woodall for the Provosts' Council report. Woodall noted that he was elected the new chair of the Provosts' Council and shared that the Council decided that the provosts of the smaller OUS institutions could serve as chair in non-legislative session years. He thanked outgoing Chair Lorraine Davis for her work. Woodall observed the Council was continuing its work with academic program review and that it was discussing the possibility of an operational issues workshop. He added that the Council remained concerned about the ongoing deliberations surrounding PK-20 education proposals.

President Lorenzen asked Director Richmond for information on setting up a structure to review graduate programs. Director Richmond mentioned, after a discussion with Acting Chancellor Pernsteiner, that the graduate review process was pushed back until the end of the legislative session. Director Dyess added that one of the AEED recommendations was to give more visibility to research.

d. Interinstitutional Faculty Senate (IFS) President

President Lorenzen called on Dr. Bob Turner for the IFS report. Turner distributed a one-page handout that expressed IFS commitment to the Board's long-range planning efforts. He noted the litany of areas in which IFS was engaged over the summer. Turner pointed out specifically that a number of IFS senators were interested in the PK-20 discussions and in academic quality. He reiterated Director Blair's previous comments regarding the consideration of academic quality amid financial discussions. Turner mentioned that IFS would follow up with a suggestion by Representative Greg Smith to contact legislators with OUS institutions in their districts.

President Conn mentioned that Dr. Turner had been named WOU interim dean of Liberal Arts & Sciences.

e. Oregon Student Association (OSA) Chair

The OSA representative offered comments during the discussion of the 2005-06 Academic Year Fee Book.
8. **BOARD COMMENTS**

President Lorenzen asked if there were any Board comments. Director Schuette asked about the schedule for the August 5, 2005, board meeting. President Lorenzen mentioned that it would probably start at 8:00 a.m. and run for typical length. He announced the August 17th retreat of the State Board of Education to which members of the State Board of Higher Education were invited. President Lorenzen announced that Nikki Squire had replaced Steve Bogart as chair of the State Board of Education. He noted the Senate had confirmed the appointments of Directors Burns, Mendoza, Sohn, and Van Vliet for second terms. President Lorenzen concluded that he envisioned the August meeting be dedicated to examining where the Board would like to be over the next eighteen months to two years.

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

"Pursuant to Article II, section 5 of the Bylaws of the Board of Higher Education, the Board delegates to the Executive Committee authority to take final action as here designated or deemed by the committee to be necessary, subsequent to the adjournment of this meeting and prior to the Board's next meeting. 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."

President Lorenzen called for a motion to approve the Board’s delegation to the Executive Committee. Director Nesbitt moved approval and Director von Schlegell seconded the motion. All in favor: Blair, Burns, Dyess, Mendoza, Nesbitt, Richmond, Schuette, Sohn, von Schlegell, Van Vliet, and Lorenzen. Opposed: none. Motion passed.

10. **ADJOURNMENT**

President Lorenzen adjourned the meeting at 1:49 p.m.

Henry C. Lorenzen
President of the Board

Ryan J. Hagemann
Secretary to the Board