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STATE BOARD OF HIGHER EDUCATION
MINUTES OF MEETING HELD IN
ROOM 217 EDUCATION
OREGON COLLEGE OF EDUCATION, MONMOUTH, OREGON

January 26, 1979

MEETING #454

A regular meeting of the State Board of Higher Education was held in Room 217 Education, Oregon College of Education, Monmouth, Oregon.

ROLL CALL

The meeting was called to order at 8:30 A.M. (P.D.T.), January 26, 1979, by the President of the Board, Mr. Louis B. Perry, and on roll call the following answered present:

Mr. Lester E. Anderson
Mr. Alvin R. Batiste
Mrs. Jane H. Carpenter
Mrs. Betty Feves
Mr. Edward C. Harms, Jr.
Mr. Robert C. Ingalls
Mr. Gregory G. Moore
Mr. William C. Thorp III
Mr. Loren L. Wyss
Mr. Louis B. Perry

Absent: Mr. Jonathan A. Ater was absent for business reasons.

OTHERS PRESENT

Centralized Activities--Chancellor R. E. Lieuallen; Secretary Wilma Foster; Freeman Holmer, Vice Chancellor for Administration; J. J. Hunderup, Vice Chancellor for Facilities Planning; E. Rex Krueger, Vice Chancellor for Educational Systems; W. T. Lemman, Jr., Vice Chancellor for Personnel Administration; Edward Branchfield, Assistant Attorney General; Diane Marsh, Assistant Director, Public Services and Publications; Melinda Grier, Compliance Officer; Francetta Carroll, Administrative Assistant; Karen McCumsey, Secretary to Chancellor.

Oregon State University--President R. W. MacVicar; Clifford Smith, Vice President for Administration; Miles Metzger, Associate Director of Facilities Planning; Miloš Popovich, member of the Board of Trustees of the OSU Foundation.

University of Oregon--President William B. Boyd; Ray Hawk, Vice President for Administration and Finance.

Portland State University--President Joseph Blumel.

Oregon College of Education--President Gerald Leinwand; Ronald Chatham, Assistant to the President; James Beaird, Provost; Maxine Warnath, Associate Professor of Psychology.

Eastern Oregon State University--President Rodney A. Briggs.

Southern Oregon State College--President Natale Sicuro; Ernest E. Ettlich, Dean of Academic Affairs; Don E. Lewis, Dean of Administration.

Oregon Institute of Technology--President Kenneth F. Light; W. M. Douglass, Dean of Administration.

Others--T. K. Olson, Executive Director, Oregon Educational Coordinating Commission; Charles Schaumburg, Planning Coordinator, Oregon Educational Coordinating Commission; Wilson Hulley, FORE; Sam Wheeler, FORE; Ray Honerlah, FORE; Dean Wagner, Senate Intern, Oregon State Senate; Molly Smith, Oregon Student Lobby; Earlene Claussen, owner, The Golf Club of Oregon, Benton County; Jerry Claussen, President, Oregon Golf Course Owners Association; Earl A. Cruse, Past President, Albany Mens Golf Association; Joe Much, Regional Director, National Golf Foundation.
The Board dispensed with the reading of the minutes of the regular meeting held on November 17, 1978, and the special meeting held on November 21, 1978, and approved them as previously distributed.

The Chancellor said that in 1975 the Board established an Administrative Rule which stated that anonymous student evaluations of faculty performance could be released only upon a finding by the President that privacy rights in an adequate educational environment would not suffer by disclosure. In this action the Board delegated to the President of the institution the decision as to whether the anonymous evaluations would be made public. It is anticipated this issue will be under consideration by the 1979 Legislature, the Chancellor said, and it would be appropriate for the Board to review whether the matter should remain an institutional decision or whether the Board would favor legislation which would establish a System-wide policy.

The Chancellor recommended that the Board reaffirm the rule adopted by the Board in November 1975 and subsequently included as AR 580-22-090(1)(d) in the revised Administrative Rules adopted by the Board in May 1978.

In response to a question about whether there were objections to this Rule, the Chancellor said the Oregon Student Lobby has regularly introduced legislation which would require release of these anonymous evaluations on a System-wide basis. It is probable a similar request will be submitted during the 1979 Legislative Session.

During the discussion, it was indicated that Portland State University is the only institution at which the release of these evaluations has been authorized. President Blumel said faculty members were not required to participate in the evaluations which are made public although many staff members do. The results of the evaluations are published by students with assistance of the Office of Institutional Research at Portland State University.

The Board reaffirmed the present policy as recommended by the Chancellor. The following voted in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

It was recommended that the Portland State University enrollment ceiling be revised from 10,000 to 10,500 fall term full-time equivalent students effective beginning with Fall Term 1979.

Mr. Holmer explained the budget process and the effects of enrollment shifts and enrollment ceilings on the funds required. The information is reflected in the tables included in the staff report.

Mr. Batiste suggested that the enrollment ceilings at all institutions should be reviewed regularly, perhaps every two years. He said the present time is very dynamic in terms of the factors which have an impact on enrollment ceilings.

All of the institutions except Portland State University and Oregon State University are well below their enrollment limits, the Chancellor said, but it would be appropriate to have a regular schedule for review of the ceilings. Portland State University is the institution at which the ceiling is of significance at this juncture. The assumption has been made that 15,500 is the limit for Oregon State University and during the next decade enrollments will drop below that figure at Oregon State.
Mr. Batiste asked if it would be advantageous, considering the 1½ stabilization factor, to adjust the ceilings to reflect more accurately the actual enrollments.

The ceiling is primarily a tool for construction and faculty planning, Mr. Holmer said, and should represent something close to the actual enrollments. The Chancellor commented that some modification of the enrollment ceilings for Oregon College of Education and Eastern Oregon State College might be appropriate in order to reflect a more realistic figure for planning.

Mr. Ingalls inquired about the rational for raising the ceiling at Portland State University and not raising it at Oregon State University.

The Chancellor responded that the assumption had been made that the 15,500 ceiling at Oregon State University represented the size to which the institution would be limited and that enrollment should be controlled to stay within that figure.

Mr. Ingalls moved that the enrollment ceiling at Portland State University be increased from 10,000 to 10,500 fall term full-time equivalent students, effective with the Fall Term 1979, and that a study of all of the enrollment ceilings be made as suggested by Mr. Batiste.

Mr. Perry requested that, in addition, the study include a statement of the historical reasons for establishing the enrollment ceilings.

The Board approved the motion as presented, with the understanding that the study would also include the historical reasons for the ceilings as requested by Mr. Perry. The following voted in favor: Directors Anderson Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

Staff Report to the Board

Enrollment ceilings, based upon fall term full-time equivalent enrollments, were established by the Board of Higher Education in 1972. The intent of the ceilings was to provide for planning in both capital construction and instructional programs in a time of limited enrollment growth and an eventual prospect of declining enrollments. The Portland State University ceiling was set at 15,000 fall FTE in 1972. A revised ceiling of 10,000 was established in 1974 as part of the Board’s action to review and revise ceilings on all institutions. The 10,000 fall FTE ceiling has been retained since that time.

Portland State University has exceeded the enrollment ceiling in each fiscal year since 1975-76 and is expected to continue to do so in the ten-year projections prepared by the Board’s staff in January 1979. Budget requests and allocations have limited the institution’s state funds support to the three-term FTE produced at the fall enrollment ceiling. Excess enrollments have been funded on the basis of tuition income generated by students in excess of ceiling, consistent with the practice applicable at all seven of the colleges and universities and Oregon Institute of Technology.

Fall term FTE by fiscal year is as follows:

<table>
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<th>Fiscal Year</th>
<th>Fall FTE</th>
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<tr>
<td>1975-76 actual</td>
<td>10,241</td>
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<tr>
<td>1976-77 actual</td>
<td>10,073</td>
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<tr>
<td>1977-78 actual</td>
<td>10,277</td>
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<td>1978-79 actual</td>
<td>10,153</td>
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<tr>
<td>1982-83 projection</td>
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</tbody>
</table>
It is proposed that the Portland State University enrollment ceiling be adjusted from 10,000 to 10,500 fall FTE students, effective in Fall Term 1979. The revision would enable the institution to provide educational services at the program level consistent with the anticipated enrollments and could be administered within existing capital construction planning and the one percent enrollment change policy adopted by the 1977 Legislature.

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<td>1983-84</td>
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<td>10,208</td>
<td>10,076</td>
<td>10,015</td>
<td>10,133</td>
<td>10,425</td>
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<tr>
<td>1984-85</td>
<td>projection</td>
<td>10,208</td>
<td>10,076</td>
<td>10,015</td>
<td>10,133</td>
<td>10,425</td>
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<td>1985-86</td>
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<td>1986-87</td>
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<td>1987-88</td>
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<tr>
<td>1988-89</td>
<td>projection</td>
<td>10,425</td>
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**Oregon State Board of Higher Education**

**Projected Fall Term FTE Enrollment**

(From Data Prepared by Management and Planning Services Division—January 1979; See Footnote)

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<tr>
<td>Eastern Oregon State College</td>
<td>1,419</td>
<td>1,426</td>
<td>1,466</td>
<td>1,505</td>
<td>1,534</td>
<td>1,540</td>
<td>1,532</td>
<td>1,512</td>
<td>1,478</td>
<td>1,437</td>
<td>1,418</td>
<td>1,415</td>
<td>1,447</td>
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<td>Oregon College of Education</td>
<td>3,279</td>
<td>3,133</td>
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<td>2,713</td>
<td>2,659</td>
<td>2,551</td>
<td>2,555</td>
<td>2,535</td>
<td>2,489</td>
<td>2,427</td>
<td>2,393</td>
<td>2,377</td>
<td>2,400</td>
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<td>University of Oregon</td>
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<td>14,751</td>
<td>14,732</td>
<td>14,336</td>
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<td>14,288</td>
<td>14,210</td>
<td>14,032</td>
<td>13,777</td>
<td>13,717</td>
<td>13,668</td>
<td>13,684</td>
<td>13,996</td>
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<td>10,073</td>
<td>10,277</td>
<td>10,133</td>
<td>10,357</td>
<td>10,524</td>
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<td>10,208</td>
<td>10,076</td>
<td>10,015</td>
<td>10,133</td>
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<tr>
<td><strong>Subtotals</strong></td>
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<td>48,661</td>
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<td>47,689</td>
<td>47,482</td>
<td>47,500</td>
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<td>Medical and Nursing Schools, University of Oregon Health Sciences Center*</td>
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<td>1,114</td>
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<td>Oregon Inst. of Technology</td>
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<td>2,150</td>
<td>2,189</td>
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<td>2,087</td>
<td>2,079</td>
<td>2,067</td>
<td>2,087</td>
<td>2,178</td>
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<td><strong>Totals</strong></td>
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<td>52,222</td>
<td>51,875</td>
<td>51,097</td>
<td>50,295</td>
<td>50,947</td>
<td>50,932</td>
<td>50,740</td>
<td>49,873</td>
<td>49,740</td>
<td>49,618</td>
<td>49,818</td>
<td>50,470</td>
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<tr>
<td>Percent Increase or Decrease from 1975</td>
<td>(4.05%)</td>
<td>(4.68%)</td>
<td>(6.11%)</td>
<td>(6.41%)</td>
<td>(6.39%)</td>
<td>(6.42%)</td>
<td>(6.77%)</td>
<td>(7.44%)</td>
<td>(8.36%)</td>
<td>(8.68%)</td>
<td>(8.81%)</td>
<td>(8.65%)</td>
<td>(7.27%)</td>
<td></td>
</tr>
</tbody>
</table>

* Reflects adjustment as a result of enrollment limitations established by the Board on March 26, 1974 and modified on March 23, 1976. (The line figures indicate free-flow enrollment projections.)

Eastern Oregon State College—2,000; Oregon College of Education—3,200; Oregon State University—15,500; Southern Oregon State College—4,000; University of Oregon—15,500; Portland State University—10,000; Oregon Institute of Technology—2,000.

* For UO/HS, projected enrollments are based upon headcount rather than full-time equivalent (FTE).

It is expected that the Board will review enrollment limitations at two-year intervals.

Management and Planning Services Division, Office of Administration—January 24, 1979
### Oregon State Board of Higher Education

**Projected Fall Term Headcount**

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<td>1,480</td>
<td>1,496</td>
<td>1,636</td>
<td>1,664</td>
<td>1,671</td>
<td>1,662</td>
<td>1,642</td>
<td>1,611</td>
<td>1,569</td>
<td>1,550</td>
<td>1,547</td>
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<td>2,771</td>
<td>2,757</td>
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<td>Southern Oregon St. College</td>
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Management and Planning Services Division,
Office of Administration—January 24, 1979
## Oregon State Board of Higher Education

### Three-Term Full-Time Equivalent Enrollment

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Management and Planning Services Division, Office of Administration—January 24, 1979
Portland State University

Enrollment Adjustments, 1979-1981
Revision to Reflect Fall Term 1978 and Revised Projections

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<tr>
<th>Funded Base Year</th>
<th>Projected FTE</th>
<th>Ceiling FTE</th>
<th>FTE Change</th>
<th>Variable Cost</th>
<th>Entitlement Stabilization</th>
<th>Assigned FTE</th>
<th>Amount</th>
<th>Funded Dollar Change</th>
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Portland State University
Revision of Enrollment Projection and Funding, 1979-1981

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<th>Projected FTE</th>
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<th>Variable Cost</th>
<th>Entitlement Adjustment</th>
<th>Stabilization Assigned FTE</th>
<th>Amount</th>
<th>Funded FTE</th>
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1979-80 Governor's Budget

1979-80 Revised Proposal (10,000 Ceiling)

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<th>Variable Cost</th>
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1979-80 at Ceiling of 10,500

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The Chancellor indicated that a presentation would be made before the Senate Education Committee on February 6 by the President of the Board and the Chancellor. A review of the activities in the State System during the biennium would be the focus of the report. The presidents of the institutions will have an opportunity at that time to make some observations to the Committee, but it is anticipated it will be possible for them to make more extensive presentations at a later time.

The Chancellor also reported that hearings have already begun on some activities of the State System.

It was recommended that the Board adopt the proposed institutional allocations of funding adjustments authorized for the Education and General Services program on December 29, 1978, by the State Emergency Board.

In response to questions, it was explained that the student financial assistance funds represented a new program. They were appropriated to the State Scholarship Commission to offset tuition increases. The demand, under the rules in the state law for those dollars, was not as great as the amount provided in the appropriation. This excess was anticipated during the 1977 Legislative Session and the Budget Note directed that any surplus would be transferred to the Department of Higher Education for equipment and books.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feltes, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

On December 29, 1978, the State Emergency Board authorized a series of adjustments affecting the expenditure authorization for the Education and General Services program for the remainder of the 1977-1979 biennium. Five items dealing with funding deficiencies at the Health Sciences Center, indirect cost recoveries at the Health Sciences Center, enrollment change adjustments at the colleges and universities, program stabilization funding and a supplement to the equipment and library book budgets were authorized. Descriptions and recommended budget allocations follow.

Health Sciences Center funding deficiencies

In earlier actions, the Board of Higher Education had authorized the staff to submit a request for $750,000 for relief of funding deficiencies at the Center. The State Emergency Board, in July 1978, reserved $500,000 for such relief, but directed the Department to explore alternate fund sources and return with a proposal. The December authorization provided for funding and expenditure of:

| Indirect cost recoveries | $ 85,000 |
| Board's uncommitted balances | 318,000 |
| Health Sciences Center | $403,000 |

In addition, the Center was directed to apply $97,000 in additional federal capitation funds, recorded in the Gift, Grant, and Contract program, to round out the $500,000 support level.
Health Sciences Center indirect cost recoveries

In January 1978, the expenditure authorization for the Health Sciences Center was reduced as the result of a report to the State Emergency Board that the Center's indirect cost recoveries were expected to fall below the amount approved by the 1977 Legislature. More recent estimates reveal that the recoveries are in fact closer to the original projections than had been anticipated. The December 1978, action is to restore to the expenditure authorization the level of indirect cost resources which the Center now expects to realize. The president has indicated his intent to apply the resources to management improvement projects.

Health Sciences Center expenditures funded from indirect cost recoveries $140,700

Enrollment adjustments 1978-79

For many years, the Department has developed annual budget adjustments designed to reflect changes in tuition income associated with the variance of actual enrollments from the projection on which budgets were prepared. Institutions operating under the program stabilization policy are excluded from this adjustment. For Oregon State University, Portland State University, and Eastern Oregon State College, enrollment change adjustments approved by the Emergency Board include:

Oregon State University, 556 undergraduates and 62 graduate students in excess of projected enrollments $385,530
Portland State University, 100 additional undergraduates and 65 fewer graduates than were projected in funded enrollments (6,735)
Eastern Oregon State College, 28 fewer undergraduates and 10 more graduates than were projected (4,674)

Net enrollment adjustment $374,121

Program stabilization

This request was submitted to allow salary underfunding relief to be continued in 1978-79 within the guidelines for program stabilization which had been previously authorized for 1977-78. The request of $659,159 was modified during the Emergency Board discussion to $577,649 to limit the relief to funds required to maintain the one percent limit on annual budget changes resulting from enrollment changes. In approving $359,159 of the request, the State Emergency Board indicated its intent that the Board have the flexibility to reassign other components of the request items to assure that equitable institutional allocations were maintained. The amount of $218,490 was thereby assigned to institutions requiring program stabilization funds, from the following item for library book and equipment acquisitions. Institutional allocations recommended for program stabilizations are:

University of Oregon $354,068
Oregon College of Education 80,361
Southern Oregon State College 80,040
Oregon Institute of Technology 63,180

Total $577,649

Equipment and library book acquisitions

Release of $587,756 in State General Funds was authorized by the Emergency Board, consistent with a 1977 Legislative Budget Note directing that the unused portion of a student financial assistance appropriation for the State
Scholarship Commission be made available to the Department for books and equipment acquisitions. After utilizing a portion of the funds to preserve the one percent policy, $369,086 remains available for allocation among the institutions.

The initial staff communications to the Board and the institutions suggested that the funds be distributed on the same formula as that used to distribute equipment funds. Subsequent analysis of the distribution methodology suggests that a more equitable distribution is achieved when the equipment formula is modified to include library books in the calculations. The staff recommendation is therefore modified to include both equipment and books in the distribution proposal. The allocations recommended are:

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<th>Allocation</th>
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<tr>
<td>Oregon College of Education</td>
<td>13,361</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>15,908</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>7,640</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>14,321</td>
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<tr>
<td>Health Sciences Center</td>
<td>45,065</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$369,086</strong></td>
</tr>
</tbody>
</table>

Resources available to cover the additional expenditure authority consist of:

- State General Fund appropriations: $587,576
- Indirect cost recoveries, HSC: 225,700
- 1978-79 WICHE income anticipated but not applied in budget plan: 216,000
- 1978-79 additional student fee income: 374,121
- Uncommitted Board balances carried forward from prior years: 461,159

**Total, Education and General Services**: $1,864,556

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Proposal to Lease Land to OSU Foundation for Development and Operation of Golf Course, OSU (Considered by Committee on Finance, Administration, and Physical Plant, December 15, 1978; present--Ingalls, Ater, Batiste, and Perry.)

**Staff Recommendation to the Committee**

In lieu of the request for authorization to plan and construct the proposed Recreation Facilities (Golf Course) at Oregon State University, which was assigned Priority No. 22 within the listing of auxiliary enterprise projects for 1979-1981 at an estimated total cost of $1,100,000 (expected to be financed exclusively from gift and grant funds), it was recommended that the appropriate Board officials be authorized to lease to the Oregon State University Foundation approximately 175 acres of the property owned by the Board on the east side of the Willamette River so that the Foundation can develop and operate an 18-hole golf course for the instructional and recreational use of students, faculty, staff, their families, and the general public.

**Discussion and Recommendation by the Committee** (October 20, 1978)

Vice President Popovich cited statistics from several sources which indicated that there is a deficit in the Linn-Benton County region of at least 27 holes of public golf availability and that in all probability two additional 18-hole golf courses would be desirable.

Mr. Ater said that when the proposal comes to the Board, he would be interested in seeing an operating proposal and at least a tentative conclusion as to whether the property would be subject to taxation if the proposal were approved. Mr. Ater asked whether the concept anticipated
that a fixed $7,000 annual rental would be set for 50 years, or whether consideration might be given to a minimum rental with a percentage of the revenues or some other rental formula which would recognize inflation.

Mr. Hunderup responded that he had considered other rental formulas but the Oregon State University Foundation is established for the benefit of Oregon State University. If the Foundation were to be discontinued at any time, its assets would accrue to the benefit of the institution and any income while the Foundation is in operation would also inure to the benefit of Oregon State University. Therefore, whatever rental payment is made by the Foundation is reflected in the ultimate benefit to the institution.

Mr. Ater said consideration should be given to a rental formula tied either to the gross revenues or the net after operating expenses because the proposed site is a large, valuable piece of property that would be converted to recreational use. Even though the Foundation presumably would dedicate its profits, those funds would not be subject to the control of the Board, and the land presently is.

Mr. Jerry Claussen, co-owner of the Golf Course of Oregon located in north Albany, described his background as a Corvallis resident and the nature and history of the golf course which he owns. He said there are four golf courses which serve the central Willamette Valley and they are not presently operating at full capacity. Mr. Claussen said the operators of the public courses were very interested in encouraging young people to play golf and they offer lower rates for college students and provide both group and private instruction. He indicated that the volume of business is down this year and the costs have increased as they have in many other areas.

Mr. Claussen raised the following questions with respect to the proposed project:

1. Has a realistic feasibility study been done by a professional competent to assess the need for facilities in the region?
2. Should the facility be self-supporting in its income based on realistic greens fees and the use of the facility?
3. Is the knowledge and experience available to operate a very specialized kind of business and make it self-supporting?
4. Is it fair for private enterprise to be forced to compete directly against a facility that would have no debt service and probably no taxes to pay?
5. If the golf course were not self-sustaining, which public fund would pick up the deficit?

Mr. Duane Bergstrom of Golf City Par Three said that Mr. Claussen had covered the matter very well. Mr. Bergstrom indicated that he would favor an 18-hole golf course in the near future, but in private ownership.

Mr. Batiste said he was concerned whether the proposed project represented the highest and best use for the site and whether in the foreseeable future the land would be needed for agricultural purposes or for any other contemplated potential use. Mr. Batiste said he was concerned also about leasing land, even to a Foundation, where there is clearly no educational purpose served. Finally, the proposed project would still involve a third-party lease. Mr. Hunderup said any project in the Department of Higher Education should fulfill an educational purpose. Golf is an area of instruction offered at several of the institutions and physical education credit is given. Therefore, golf is related to an educational purpose, as are the other sports.
The property was acquired in order to enable students at Oregon State University to have a golf course available as part of the educational program at Oregon State University.

With respect to alternate uses for the land, Mr. Hunderup said Oregon State University probably would retain the land for other purposes if the golf course were not approved. While it is not the most appropriate site for agricultural activities, some adjacent land is used for that purpose. There are also recreational activities in the immediate vicinity.

Mr. Batiste requested that a detailed response be obtained from the institution, in writing, as to the long-range use of the land if it is not surplus, particularly in terms of potential agricultural use. He said he was not convinced recreational use should be the primary purpose of this land, nor was he convinced that the primary intention of the Foundation in acquiring the land and developing a golf course was recreational.

Mr. Ater said apparently it was the consensus of the Committee that further information should be provided and that a feasibility study should be requested with respect to the economics of the operation and the estimates of play. Then the operators of private golf courses would be able to comment on whether, in their opinion, the market would support the assumptions presented.

Mr. Hunderup said some of the information had been provided when the Board reviewed the concept when it was to be under the auspices of Oregon State University.

Mr. Ater said the project had been so low on the priority list that he did not recall having reviewed the material. It would now be appropriate to make a careful study and this information might then address his other questions with respect to whether the property would be on the tax rolls and the matter of the proposed lease arrangements. Mr. Ater said he assumed a feasibility study would demonstrate the greens fees, the proportion of student and public use, and other pertinent matters. Mr. Batiste asked that the study also respond to his concerns about the ultimate use of the land.

Mr. Moore said if a feasibility study has not been prepared, he would want to know the cost of a study before it was undertaken.

Mr. Popovich said there is an advisory board that consists of some very distinguished people in the golf area in Oregon, including an individual who operates a course, constructed a course himself, and is thoroughly knowledgeable in the intricacies of operating a golf course. Mr. Popovich said the land is not especially profitable for agricultural use. Over the past 10 years, the average annual income from a portion of the original purchase that has been farmed is $5,241 per year.

The Committee approved a motion by Mr. Batiste that the Chairman of the Committee on Finance, Administration, and Physical Plant request a feasibility study of the advisability of conveying the land to the Oregon State University Foundation for the purpose of operating a golf course; and that a study be made of the long-term projections for the use of this land for non-recreational purposes.

Staff Report to the Committee (October 20, 1978)

Within the auxiliary enterprise portion of the Board's capital construction program requests for the next biennium is a project entitled "Recreation Facilities (Golf Course)" at Oregon State University. The estimated expenditure requirements of $1,100,000 for the planning, constructing and equipping of these facilities are expected to be financed entirely from gifts and grants, without any participation of state tax funds, bond borrowings, or student building fees.
The project description includes reference to the proposed development of an 18-hole golf course with irrigation system, driving range, parking facilities, maintenance building, restrooms, and minimal pro shop, with the potential for expansion for limited food service, if needed, all within a total of approximately 175 acres on the Linn County side of the Willamette River just north of the bridge on U. S. Highway 34 leading into Corvallis. This property is part of a larger tract of approximately 241 acres which the Board purchased from John Beach in 1951. According to the minutes of the meetings of the Board on October 14, 1950, and August 3, 1951, the purchase price was $75,000. Of this amount, a down payment of $21,750 was made from resources available from the Board’s land purchase reserve and the balance was to be amortized over a period of 15 years or less from net income from the land. Inasmuch as the principal and interest payments on the mortgage were made as contemplated, there is no indebtedness on the property now.

When the recommendation to purchase the Beach Farm property was made to the Building Committee of the Board on October 23, 1950, Dr. A. L. Strand, then president of Oregon State University, indicated that the land would be used for agricultural research and experimental farming, and added that "certain physical education activities, such as golf, may ultimately be located there, besides the present College boathouse on the east bank of the river." Thus, the minutes of the Board meeting on the following day indicate that "The purposes listed by Dr. Strand for which this property would ultimately be used include agricultural research and future site of Department of Physical Education activities."

In September 1970, after considering the interest and qualifications of several professional designers, the Oregon State University Foundation contracted with Theodore G. Robinson of Rolling Hills, California, to prepare a preliminary routing plan for an 18-hole golf course on this site. Subsequently, as detailed within the minutes of the January 22, 1974, meeting of the Board, institutional officials requested authorization to file an application through the State Parks and Recreation Branch of the Highway Division for $350,000 of Land and Water Conservation Funds available to the Bureau of Outdoor Recreation, an agency of the U. S. Department of the Interior, to cover a portion of the cost of developing the golf course. Because of some concerns which were expressed over the proposal to use student building fees of $200,000 as part of the state matching fund requirements for the federal grant, the Board concluded at that time that authorization to file the application should not be requested from the State Emergency Board.

Meanwhile, interest in the development of the golf course has continued to grow, and with the recent significant increase in population within the Corvallis area, the deficit of this type of recreational facility has become even more pronounced. As noted in the narrative description of this item within the 1979-1981 capital construction request, "The use of this land for this purpose is consistent with the Willamette River Greenway goals and local tentative comprehensive land use plans. A State Parks and Recreation survey has shown that District 4 (locally) is deficient in recreational opportunities and a challenging 18-hole golf course is not available to the public locally."

As an alternative to the Board’s sponsorship of such a project, it would appear preferable to lease the site to the Oregon State University Foundation, a non-profit corporation which exists solely for the general benefit of the University, for the development and operation of these recreational facilities. This recommendation was prompted by the fact that the Foundation recently received a valuable gift of land with the restriction that proceeds from the sale thereof be used for the construction of a public golf course for the primary benefit of the university community. In combination with other funds already within Foundation accounts designated for this purpose, these proceeds and additional prospects for donations of materials, equipment and services from alumni appear to assure the completion of a high quality 18-hole golf course.
Institutional officials have reported that the Oregon State University Foundation is willing and able to proceed with the planning and construction of the golf course and to assume responsibility for its operation for the benefit of the University if the property is leased to it for a long term, say 50 years with provision for possible renewal. Inasmuch as the facilities are intended primarily for recreational use and for team practice and inter-collegiate matches, it is proposed that the annual rental be equivalent to the sum of $7,000 or so now being realized from the rental of the land for agricultural use. The Foundation would be responsible for ad valorem taxes, if any, that may be assessed against the property as well as all other operating costs. An option would be provided to the Board to terminate the lease under certain prescribed circumstances. If the Board needed to use the land for another purpose prior to the expiration of the lease, the value of the improvements would be pro-rated in accordance with a pre-determined formula. Such alternate use would appear to be unlikely, however, because much of the land is within the flood plain. The plans for construction would be subject to the prior approval of institutional officials and the Board's Office of Facilities Planning.

The lease would be reviewed and approved by the Board's attorney before being executed on behalf of the Board.

If this recommendation is approved, and the appropriate lease arrangements are consummated with the Oregon State University Foundation, the 1979-1981 capital construction requests would be amended to delete the auxiliary enterprise project for "Recreation Facilities (Golf Course)" at Oregon State University.

Supplemental Staff Report to the Committee (December 15, 1978)

In response to the request of members of the Committee during the discussion of this matter on October 20, 1978, additional information has been obtained and is being provided in support of the recommendation to lease approximately 175 acres along the Willamette River to the Oregon State University Foundation for the development and operation of an 18-hole golf course.

Copies of a memorandum which the Board's attorney prepared under date of November 27, 1978, have been furnished to the Committee. This memorandum indicates informally that the property likely would be subject to ad valorem taxes if the golf course were open to the public as planned. As noted in the original staff report, it would be expected that the lease arrangements would place the responsibility for such taxes, if any, upon the Foundation.

To respond to inquiries relating to potential alternate uses of the land, such as for agricultural research, arrangements were made for the assistance of Virgil Adams, an independent land planning and design consultant in Corvallis. Copies of his report entitled "A Long Range Plan of the Beach Farm for Non-recreational Use" dated November 1978, are being made available to the members of the Committee. The summary on page 8 of the report is quoted below:

The soils found on this parcel are productive, will support agricultural use, and are suitable for recreational use. Because the parcel is located in the flood plain, the potential land use is quite limited to open space uses. The land is on the edge but outside the Corvallis Growth Boundary, and urban services of sewer and water are not planned for this area. The long range use of the land then must be determined on the two basic land use factors of location and need. The location factors have been set out in this paper and are apparent. The parcel is bordered by State Highway 34, a major entrance to the city, and
is located in the bend of the Willamette River, within the Willamette Greenway Boundary, directly across the river from downtown Corvallis, north of Morse Bros. proposed reclamation site, and highly visible by motorists. The location factor would strongly indicate recreational use of the land at some period of time.

Need factor is a broad, general term with several facets but, in this case, would include the need for agricultural research lands versus the need for recreation lands. The question of need then leads to (1) who would provide the above facilities (agricultural research and recreation) and who would benefit from the facilities, (2) some cost/benefit analysis, and (3) a determination as to which facility would best promote the long range goals of the University and the State as a whole. This paper does not attempt to speak to the need factors and will leave this issue to a separate analysis.

As a long range plan for the land, it is my opinion that this land area would be best used by designating it for recreational use. If it is not appropriate at this time to develop the area for recreational use of some type, it should be a long range goal. Agriculture would be an interim use until it is developed for recreational purposes. At this location and with the present recreational use on part of the land, it would seem that agriculture would not be the best and most appropriate use over a long period of time.

The director of the Agricultural Experiment Station at Oregon State University, Dr. John R. Davis, advised Mr. Adams on November 22, 1978, that "Because of the rolling terrain, non-uniform soils, and flooding danger, we have not considered this property for agricultural research use. The Agricultural Experiment Station therefore has no current plan for use of any of the recreational properties for research. For the most part, future needs for additional land for research would not require consideration of these properties."

To provide additional information concerning economic feasibility, a study is being prepared by another consultant, Dr. G. Burton Wood. It is expected that copies of his report will be distributed to members of the Committee as soon as they are received. Meanwhile, institutional officials have indicated willingness to establish the rental charge for the property in the proposed lease with the Foundation as a percentage of gross income from the green fees, but with a guaranteed minimum annual base rental such as the $7,000 figure mentioned in the initial report presented to the Committee on October 20. More specific terms can be finalized when the information expected within Dr. Wood's analysis is available.

Discussion and Recommendation by the Committee (December 15, 1978)

Mr. Mel Ferguson, President of the Associated Students of Oregon State University, read a prepared statement in support of the proposed golf course. Copies of the statement were distributed. He emphasized the importance of the development of interest and skill in a lifetime social sport. Further, a public golf course to serve both the university and the city would help build rapport between the institution and the community.

Mr. Hunderup said Mr. Ater had questioned the appropriateness of having a fixed charge for the use of the land. It has been concluded that a recommendation that the rental charge be a percentage of the total gross income from greens fees, perhaps 5% of that amount annually, would be a
suitable recommendation. It would be understood further that the income would be no less an amount in any year than $7,000, which would provide a minimum assured income comparable to the income from the rental of the land on a temporary basis.

Mr. Ater said the information presented to the Committee was responsive to the requests for additional data. Board members have had an opportunity to discuss the project with interested individuals and learn more about it. He moved that the Committee recommend Board approval of the proposed lease, as set forth in the staff recommendation, subject to the following conditions: (1) that a condition of the lease would require construction to commence within approximately 24 months so that the land would revert if the project were not undertaken; and (2) that the concept of a charge based on a percentage of revenues with a minimum rental be incorporated as a condition of the lease.

After some discussion of the time limit of 24 months proposed by Mr. Ater, it was understood that the exact time limit was somewhat flexible but that language would be included in the lease to protect the Board so that if the project construction did not proceed by a certain time, the lease would terminate.

The Committee recommended that the Board approve the recommendation, subject to the conditions specified by Mr. Ater in his motion.

Board Discussion and Action

In concluding his presentation of the Committee discussion and recommendation, Mr. Ingalls said a substantial amount of the cost for the original development had been provided by a donor from Eugene. He said the greens fees were expected to be set at a figure that would not encourage general public participation. There is difficulty in Oregon in obtaining a golf course for high school tournaments and senior tournaments. This course would be made available for both. Mr. Ingalls said originally he had not favored this project but had changed his opinion and supported it completely.

Mr. Batiste noted that Mr. Ater had been concerned that the project be completed in a timely manner and asked whether any further information was available. Mr. Hunderup said it was his understanding that it was intended to have the project in operation by 1980 or 1981 which would be within the two-year period mentioned by Mr. Ater.

Mr. Perry then invited Mr. Jerry Claussen to present any further comments he might wish to make in addition to the statements in the January 12, 1979, letter addressed to President Perry. In that letter, Mr. Claussen was critical of a number of points in the feasibility study of Dr. Burton Wood, Professor Emeritus of Oregon State University.

Mr. Claussen said he had expressed his views to the Committee and in the letter but would respond to any questions from Board members.

Mr. Wyss said it appeared the projection of future play was one of the differences between Mr. Claussen and the Foundation. In addition to the reduction in golf course usage, Mr. Wyss asked Mr. Claussen to state the reasons he believed the growth in golf play might be halting at this time.

Mr. Claussen said his perception was based not only on the local situation but national information as well. Economic pressures and competition from other activities inhibit growth for golf. All projections are speculation, Mr. Claussen said, but this anticipated growth is no longer occurring. He said for almost 20 years the golf business grew approximately 5-10% annually during the last 4-5 years, the same measurements have reflected not just a slowing down in golf, but a real loss. This is not consistent with the projections in the feasibility study, Mr. Claussen said.
Mr. Perry said he had strong reservations about a state agency, or even a private foundation associated with a state institution, competing with private enterprise. However, in looking at the population projected for Oregon and the Willamette Valley, it would seem that there would be opportunities for this course or other courses to succeed due to increased population.

The potential population growth is a plus factor, Mr. Claussen said, but if there were room for future golf courses, private enterprise should operate the facilities.

Mr. Ingalls said that if students were to be encouraged in this sort of activity, the facilities had to be provided at a cost which students could afford. He commented that golf was an activity which could be pursued after graduation and this would benefit the private golf course operators. It was indicated the greens fees were not set yet, but a reduced fee would be available only for students.

Mr. Claussen mentioned that lower fees were offered for students on the commercial courses. In response to a question, it was indicated that at the present time the foundations associated with the institutions apparently were not engaged in any competitive private enterprise activity.

Mr. Wyss asked whether Mr. Claussen believed, if the Foundation were to construct the golf course and pay property taxes, that the use of gift funds and perhaps state-paid labor in the construction of the course, would make it unfairly competitive. In a philosophical sense, Mr. Claussen said that he would consider it would be, although the way in which the course was operated might make a difference.

Mr. Milosh Popovich, a member of the Board of Trustees of the Oregon State University Foundation, referred to the memorandum containing his response to Mr. Claussen's letter in opposition to the proposed golf course. Mr. Popovich reviewed the comments as follows:

1. In response to the criticism of the selection of Dr. Burton Wood as a consultant to conduct the feasibility study, it was stated that Dr. Wood is a competent, nationally-recognized resource economist who has made many feasibility studies related to a wide variety of enterprises.

2. A reliable feasibility study is essential to the University and the Foundation to be certain that the golf course would be economically feasible.

3. With respect to the comments by Mr. Claussen that the proposed golf course would drive the public courses in Corvallis out of business, it is believed that a good 18-hole course would benefit one of the established courses because golfers would want to practice to improve their game. The other public golf course is a 9-hole course of a type which probably would not be affected by the proposed 18-hole course.

4. Although not essential to, nor included as a part of the feasibility study, substantial knowledge about the experience of other universities in operating golf courses is available to Oregon State University. Two staff members within the past ten years have studied the operations at other universities. Both were teachers of golf.

5. The criticism by Mr. Claussen of the design of the course was based on a plan prepared seven or eight years ago. The plan has been revised substantially. The questions about the driving range have been under study and changes have been considered.
Mr. Joe Much, Far West Regional Representative to the National Golf Association, described the Association as a nonprofit organization funded on a sponsorship basis by the golf industry and associate memberships from golf courses and golf clubs. The purpose of the Association is the promotion of golf through the development of facilities and assistance to courses and players.

Mr. Much said his personal experience and personal opinions with respect to golfing differed from those of Mr. Claussen, particularly in regard to the proposed project at Oregon State University. Research nationally shows a decrease in play, but not as dramatic a reduction as that suggested by Mr. Claussen. Weather conditions during the first quarter of 1978 affected the amount of play significantly, but a major portion of the decrease has been offset by play during the second and third quarter of the year. Another factor affecting the popularity of golf is the lack of good facilities. Golf facilities are not a profitable investment for private enterprise although the facilities are in demand. Consequently, Mr. Much said, the Golf Association a few years ago began a vigorous campaign to involve public agencies in the development of golf courses. Mr. Much indicated that between Salem and Creswell and between the Cascades and the coast there is no first-rate golf facility open to the public. Even though the course operated by Mr. Claussen is an excellent one which is well-maintained and well-operated, it is not a "championship course" for serious golfers.

Mr. Much said the facility at Oregon State University would serve several purposes. He mentioned the program in turf grass management recently started by the School of Agriculture. The proposed course could be utilized as a laboratory in this program. The facility would be beneficial to the sports program for local, state-wide, and even national events. Mr. Much concluded with a list of universities currently operating golf facilities in areas where the affected population would be roughly equivalent to that of the Linn and Benton County areas. The data indicated the number of additional courses in each area.

Mr. Wyss asked Mr. Much whether, in his opinion, if the proposed course were built, not only would it be successful, but also would Mr. Claussen's course continue to be a successful financial investment for him.

Mr. Much said it was his opinion that Mr. Claussen's course would benefit ultimately from the proposed course at Oregon State University because of the development of golfers.

President MacVicar said this land was acquired approximately 25 years ago for the purpose of building a golf course. In a survey of student interest in physical education, golf ranked relatively high. President MacVicar said favorable action would benefit the students of Oregon State University and would implement a long-standing plan for which a substantial sum of money has been accumulated. A recent generous donation to these funds makes it possible to proceed with the first phase of the development of an excellent public facility. President MacVicar said, in his opinion, there is an obligation to the sport of golf because it is one of the most desirable physical recreational activities that exists, and one that can continue into later life. He said it would be the intention to serve the golfing profession by offering an opportunity for tournaments and stimulating activities which the profit-making golf courses are unable to accommodate. The course would benefit Corvallis and the Willamette Valley by providing a facility not available elsewhere in the region outside of private courses. With respect to the economic feasibility, President MacVicar said it would be the intention of the Foundation that it would not be operated to generate resources for the Foundation, nor would it be operated at a deficit. He said he shared the concern of others that it is improper for a foundation or municipal agency to use their advantages to be unfairly competitive with an individual who has made an investment in a business venture.
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In response to a question, President MacVicar indicated that in the event the project becomes profit-making, it would be necessary to pay taxes on any income.

Mr. Wyss asked whether private enterprise would be employed for the construction of the course. President MacVicar responded that contributions from contractors and others would be encouraged to assist in the construction but there would be no intention of using state resources for the construction or operation of the course.

In response to a question, Mr. Hunderup indicated that the lease proposal specifies a minimum charge which would assure income equivalent to that presently received.

Mr. Moore said he could think of no better use for this land. The golf course has potential as an educational device. It offers students a tremendous educational benefit. He said he had been concerned with the prospect of competing with the private sector but was now of the opinion that the course would encourage golf in the Corvallis area and would benefit the private sector.

Mr. Harms said the proposal would make effective utilization of expensive and apparently under-utilized land, no state funds were involved, and testimony indicated a need for the facilities. In spite of these factors, it is not an appropriate time to approve this project. In an adverse political and economic climate from the tax standpoint, this project would be viewed as a luxury item. While the Board cannot allow an adverse tax climate to prohibit action in any expenditure of money, particularly from a foundation or outside source, Mr. Harms said he found it difficult to think there would be favorable public acceptance of the project. For this reason, Mr. Harms said he would vote against the golf course, even though the evidence would indicate it was an excellent project and all his sympathies were in favor of it.

Mr. Batiste said the Foundation is involved not only in this project but also in the Cultural and Conference Center. The participation of the Foundation is very innovative and represents the kind of support which institutions will require in order to continue present and future programs.

The Board approved the staff recommendations as presented, with the following voting in favor: Directors Anderson, Batiste, Feves, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: Directors Carpenter and Harms.

Revised
1979-1981 Capital Construction
Requests to Substitute Cultural and Conference Center in Lieu of Performing Arts Center, OSU

(Considered by Committee on Finance, Administration, and Physical Plant, December 15, 1978; present--Ingalls, Ater, Batiste, and Perry.)

Staff Recommendation to the Committee

In view of a recent decision by the Board of Trustees of the Oregon State University Foundation to approve the financing of a $3.5 million Cultural and Conference Center on the campus in Corvallis in place of the proposed $10 million Performing Arts Center (frequently identified as the "Great Hall" project), which has been postponed indefinitely, it was recommended that the appropriate Board officials be authorized to advise the Executive Department that the Board's 1979-1981 capital construction requests are being amended to make this substitution for Priority No. 23 in the listing for the educational and general plant.

It was also recommended that the Board allow the Oregon State University Foundation to utilize a site on the campus, east of 25th Street between Western Avenue and Stadium Drive, for the construction of the Cultural and Conference Center with the understanding that title to the improvements, upon completion, will be vested with the State of Oregon acting by and
through the State Board of Higher Education on behalf of Oregon State University. Consistent with Board policies applicable to the rededication of land, payment would be made by the Foundation for those portions of the site which had been acquired with funds for auxiliary enterprises (Article XI-F(1) bond proceeds, housing and parking revenues, etc.).

Discussion and Recommendation by the Committee

Mr. Hunderup explained that it would be advantageous for the Oregon State University Foundation to plan and construct the proposed center. The Foundation would be able to utilize voluntary efforts of members of the OSU Foundation Board to supply contributions for services in kind. It would be possible also for the Foundation to proceed with construction more rapidly than a state agency which is subject to more restrictive statutes and regulations. For example, simultaneous agreements might be arranged for architectural services and construction.

Vice President Popovich said the time factor is extremely important in view of the rapid escalation of costs. Use of a builder-architect team has proved to be cost effective in recent years.

Mr. Perry questioned whether the need was actually desperate for this facility. Mr. Hunderup said he used the term because Oregon State University is no longer able to provide the same kind of services which were offered previously to industries in terms of short courses and conferences. This capability represents part of the educational program of the institution. In response to further questions, Mr. Popovich said the number of persons participating in short courses and conferences had dropped from 20,000 per year a few years ago to 16,000 last year due to the lack of facilities. The programs that are offered are given during spring vacation and summer periods when classrooms are available. During the remainder of the school year, these activities are limited because it has been possible to reserve only one 300-seat auditorium for them. The community does not sponsor short courses or conferences. In many cases, University facilities, such as laboratories, are necessary as a part of the educational program being presented. Vice President Popovich stated that the Oregon State University Foundation, in conjunction with the University staff, had developed a priority list of items for the University. The proposed project had been ranked immediately after the Performing Arts Center in this list.

Mr. Hunderup commented that over 90% of the donors who had made commitments to the Great Hall project had expressed their intention of transferring their commitment to the Cultural and Conference Center. A large part of the amount required for the project is available, and it is anticipated that the Oregon State University Foundation will be able to obtain the remainder if the project is approved.

Mr. Batiste said this was a very innovative proposal which meets the criteria of responsible program and site development. He commended the Oregon State University Foundation for its concern and cooperation in the development of Oregon State University.

In discussing the operating costs for the facilities, it was stated that it would be necessary to obtain legislative approval for the operating costs. User fees would be applied to program aspects rather than to the physical plant operating costs which would be financed from state funds.

Mr. Ater asked if his understanding was correct that the site would be made available to the Oregon State University Foundation which would then construct the building and give the completed facilities to the State System.

Mr. Hunderup indicated this was correct. However, the amount included for the rededication of the land does not represent 100% of the land cost, nor is it related to the current value of the land. The rededication, based
upon Board policy, would be to have the investment that was made from auxiliary enterprise funds, net after amortization of the improvements, remain as part of the project costs to be financed from gift funds through the Foundation. The parcels of the land originally purchased from state funds would not require rededication.

In the course of the discussion of the site for the proposed project, it was reported that the lease originally approved for an office facility adjacent to the Environmental Protection Agency Laboratory was not executed because plans for the construction were abandoned when it became apparent that additional space was no longer required by that federal agency.

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

Based upon the recommendation of officials of Oregon State University, which was endorsed by the Board’s staff, the capital construction requests for 1979-1981 approved by the Board on July 28, 1978, included a proposed Performing Arts Center at an estimated total cost of $10,000,000, all to be financed from gift and grant funds. This project was assigned Priority No. 23 in the listing for the educational and general plant. It was expected to provide an auditorium which would "seat approximately 2,500 persons for various University and community (Corvallis and Central Willamette Valley region) attractions such as concerts, convocations, conventions, etc.".

As a result of a fund-raising campaign, the Oregon State University Foundation was able to obtain firm donations and pledges totaling approximately $2.5 million by August 1, 1978, and to secure tentative commitments for the additional sum of approximately $1 million. However, when the voters of Eugene authorized a bond issue of $18.5 million for the construction of an auditorium in that city, the trustees of the Foundation elected to postpone the construction of the "Great Hall" in Corvallis and to re-order the private fund-raising priorities to meet the changed circumstances.

In an announcement to the public, the Foundation indicated that the first item of priority to be financed from gift funds was a structure which would provide an acoustically designed auditorium with 1,200 to 1,300 seats for orchestral, choral, forensic and other performances which would enrich educational opportunities at the University, complemented by a large conference (multi-purpose) area to accommodate about 500 persons for meetings, exhibitions and displays suitable for conventions and gatherings of professional societies related to major fields of study at the University. "By hosting such meetings," it said, "the University brings outstanding authorities to the campus, exposing both faculty and students to the latest developments in the various professions and to nationally famous leaders."

Donors were given an opportunity to transfer their contributions and/or pledges from the "Great Hall" project to the "Cultural and Conference Center" or other uses, or to seek a refund or cancellation. Most responses have been supportive of the change to the smaller project, recognizing the existing substantial need for the proposed center. In the area of continuing education alone, the average annual attendance at short courses and conferences at Oregon State University is currently about 16,000, but this figure is substantially lower than it was a few years ago because of the institution's inability to provide adequate facilities while regular classes are in session.
Based upon the recommendation of the Campus Plan Committee, with the assistance of the campus planning consultant, Louis DeMonte, the site identified for the proposed Cultural and Conference Center is a tract of approximately 3.23 acres located immediately east of 26th Street between Western Boulevard and Stadium Drive. This land was reserved primarily for parking, and most of it was purchased through bond financing with debt service being provided from parking and student housing revenues. Two properties on the site are still in private ownership and contacts are being made to determine what terms might be possible for their purchase. For those properties which were acquired from auxiliary enterprise resources, thus requiring rededication in accordance with Board policies, payment would be made by the Foundation as part of the total estimated budget of $3,500,000. The Controller’s Office has estimated the rededication value of this land at approximately $134,576, including interest of $25,666 from dates of purchase to June 30, 1979.

Institutional officials have advised that the Foundation desires to make arrangements for both design and construction of the building and requests permission to develop the site. It is understood that all building and site plans would be reviewed by the Board’s staff and the Board and that the construction would start next summer with completion, if possible, by the Fall of 1980.

The proposed facility would have a gross area of approximately 40,000 square feet and would include an auditorium with basic seating for 700 to 800 persons with expansion to 1,200 to 1,300 seats by locating four smaller lecture areas, each accommodating 100 to 150 persons, in an adjacent area, possibly utilizing a specially designed turntable arrangement. All of these rooms would have sloping floors. There would also be a rectangular space containing about 5,000 square feet with flexible partitioning to permit division into as many as eight rooms seating about 50 persons each. This space would be suitable for banquets for as many as 500 to be served from a catering pantry. There would also be office space for about six staff members, storage facilities and restrooms.

The Cultural and Conference Center would fill a void for medium-sized gatherings on the campus, complementing the 300-seat auditorium in Withycombe Hall, the 750-seat auditorium in Milam Hall, and the 10,000-plus capacity of Gill Coliseum.

It would be expected that state funds would be requested for the annual physical plant operating expenses applicable to the proposed new facilities, but many of the program costs, especially for short courses and special conferences, would be financed from user fees and from federal subsidies currently available to the institution.

If the concept outlined above is approved by the Committee on Finance, Administration and Physical Plant and by the Board, more specific details of the proposed arrangements with the Oregon State University Foundation will be developed for review with the Board. Meanwhile, it is recommended that the 1979-1981 capital construction program be amended to substitute the Cultural and Conference Center at an estimated cost of $3.5 million in lieu of the Performing Arts Center project of $10 million as Priority No. 23 within the listing for the educational and general plant.

Purchase of Wolfe, Saxton and Peterson Properties, OSU

(Considered by Committee on Finance, Administration, and Physical Plant, December 15, 1978; present--Ingalls, Ater, Batiste, and Perry.)

Staff Recommendation to the Committee

It was recommended that the Vice Chancellor for Facilities Planning be authorized to accept the options obtained for the purchase of the following properties within the approved projected campus boundaries of Oregon State
University, all to be financed from resources available for auxiliary enterprises within the expenditure limitation for land acquisition authorized by Chapter 592, Oregon Laws 1973:

- Wolfe Property - 1919 S. W. Stadium Street, Corvallis: $44,200
- Saxton Property - 721 S. W. 26th Avenue, Corvallis: $41,350
- Peterson Property - 1906 S. W. Stadium Street, Corvallis: $47,250

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented. During the discussion, it was suggested that consideration be given to vacating Stadium Drive at some future time when there is no longer any property in private ownership on that street.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

Within the past few days, officials of Oregon State University received signed options for the purchase of three parcels of land, each improved with a residence, within the southwest portion of the campus:

- Wolfe Property - Theodore L. and Donna L. Wolfe, of Bend, have agreed to sell to the Board their property located at 1919 S. W. Stadium Street, Corvallis, containing approximately 0.145 acres of land improved with a two-story single family residence which has about 1,365 square feet, plus a basement and a garage with a dirt floor. The house has four bedrooms and 1 1/3 baths and is in reasonably good condition. It was improved recently with new baseboard heating, carpeting, painting, and roofing. Inasmuch as it is within the area designated for future parking, the purchase would be financed from balances available to the institution from parking operations.

  The option price of $44,200 is slightly in excess of the average of two independent appraisals obtained on behalf of the Board, but is somewhat less than a third appraisal requested by the owners from an independent appraiser who has provided services to the Board on other occasions. A copy of this appraisal was made available to the University by Mr. Wolfe. Inasmuch as negotiations have extended over a long period of time and institutional officials are anxious to conclude them by accepting the option in the amount of $44,200, which is within the average of the three separate appraisals, it is recommended for purchase.

- Saxton Property - Jay Saxton, Margaret Bikman and Perry Saxton have offered to sell to the Board the property which they own at 721 S. W. 26th Street, Corvallis, directly across from Parker Stadium. The land area contains approximately 0.123 acres and is improved with a small single-story frame residence. Within the area of about 800 square feet, there is a combination living-dining room, kitchen, bath and two bedrooms plus an enclosed porch from which there is stair access to an unfinished basement. Considering its age of 57 years, the house is in fair condition. There is a detached single garage.

  The option price of $41,350 is in line with the average of two independent appraisals obtained by officials of Oregon State University.
Inasmuch as the property is within the approved projected campus boundaries and is expected to be used ultimately for parking, funds for the purchase would be provided from balances available from parking operations.

Peterson Property--Robert E. and Janice C. Peterson have executed an option to sell their property at 1906 Stadium Street, Corvallis, to the Board for $47,250. The lot contains approximately 0.163 acres and is improved with a two-story frame residence which has an area of about 1,725 square feet. There is a separate storage shed, but no garage. The main floor has a living room, dining room, kitchen, bedroom and bath. There are two additional bedrooms and a bath upstairs. The house is approximately 38 years old, but is in fair condition except for the roof and exterior painting.

The property is located within the approved projected campus boundaries within an area originally designated for residence halls and related parking improvements. Pending a determination of the siting of the proposed Cultural and Conference Center, as described in a separate agenda item, it is expected that the funds required for the purchase of the property would be provided from Article XI-F(1) bonds or other resources available for auxiliary enterprises. If Board and legislative authorization is obtained for the re dedication of the site for educational facilities, repayment for the land costs would be made in accordance with Board policies.

The option price is in line with the average of two independent appraisals obtained by institutional officials.

(Considered by Committee on Instruction, Research, and Public Service Programs, December 15, 1978; present--Carpenter, Feves, Anderson, Harms, Thorp, and Wyss.)

The Board is trustee of the Ion Lewis Scholarship Fund, the income from which provides travel scholarships for advanced students in architecture at the University of Oregon. The awards are to be made by a managing committee of three members. The appointments of the three members of the committee are subject to approval of the State Board of Higher Education.

Staff Recommendation to the Committee

The following nominations have been submitted by the Oregon Council of Architects, AIA, for representatives to serve on the committee:

Mr. Richard A. Ritz, A.I.A., Portland, who is a member of the firm of Skidmore, Owings & Merrill since 1951. He is a registered architect in Oregon, Washington, Idaho, and California and has been responsible for many years for the selection and training of personnel for the SOM office. His term would be effective November 1, 1978, through October 31, 1982.

Mr. Dale A. Farr, who is a partner in Fletcher/Finch/Farr & Associates, Portland, and a registered architect in Oregon and Washington. Mr. Farr is recommended for appointment for the period November 1, 1978, through October 31, 1980.

The nomination of Robert S. Harris, Dean of the School of Architecture, has been submitted by the University of Oregon, for a term of four years, effective November 1, 1978, through October 31, 1982.
It was recommended that the Board approve the three nominations to the Ion Lewis Scholarship Managing Committee, as submitted.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

(Considered by Committee on Finance, Administration, and Physical Plant, December 15, 1978; present--Ingalls, Ater, Batiste, Moore, and Perry.)

Storage, Security and Climate Control within Museum of Art, UO

It was recommended that the report prepared by Zaik/Miller, A.I.A., Architects, in response to their commission for a study of improved security, storage and climate control within the Museum of Art on the campus of the University of Oregon be accepted and be used as a basis for further planning of future additions and alterations to these facilities.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

In response to a concern expressed by Mr. Wyss during the discussion, Mr. Hunderup said the modifications had been designed very artistically.

It was suggested that an opportunity be provided for Board members to visit the Museum of Art the next time it visits the University of Oregon.

Staff Report to the Committee

As reported to the Board on September 30, 1977, arrangements were made with Zaik/Miller, A.I.A., Portland, for architectural services relating to a study of security, storage and climate control within the Museum of Art on the campus in Eugene with the understanding that the architects also would give consideration to the proposed longer-range improvements, identified as the Museum of Art Addition and Alterations project for which the Board and the 1977 Oregon Legislature had acknowledged endorsement as one of the University of Oregon's centennial projects to be funded from gifts and grants. The study was financed from a grant of $11,250 from the National Endowment for the Arts, matched by private contributions to the institution from concerned patrons of the Museum.

As noted within the architects' report, the Museum opened in 1933 with a small collection of Oriental art. Today, the Museum exhibits a wide variety of permanent and visiting collections to more than 100,000 persons annually. In addition, it is a major teaching and resource center for the University community and its statewide services program includes an exhibition and workshop that travels throughout Oregon. Because of serious physical limitations of the present building, which affect the ability of the staff to accommodate the program, some space modifications are necessary.
The architects suggest that the entry to and the basic circulation system within the Museum of Art be reorganized to facilitate access to various parts of the building and to improve the surveillance of spaces open to the public at times when the galleries and closed. They recommend the installation of an elevator to improve access to several galleries, which cannot be fully utilized now because of their relative inaccessibility, assist in the movement of painting, sculpture, display materials and heavy or bulky equipment within the Museum as well as provide access throughout the building for handicapped persons. Other proposed improvements would include the reorganization and modification of basement spaces to facilitate shipping and receiving, storage, cataloging, staging and related support service functions, as well as complete renovation of the electrical system and replacement of the existing mechanical system with one which would provide close temperature and humidity control on a zone-by-zone basis.

With respect to the improvement of storage facilities, the architects point out that art collections presently are brought into the Museum's basement storage area via a steep flight of stairs and the processes of receiving, preparing, cataloging and storing permanent or visiting collections currently require a circuitous route. Direct circulation between the various support services is nonexistent. There are several floor levels and short flights of stairs to negotiate, and entry to the storage area is through a narrow passageway with a ceiling too low for large pieces of art. To improve storage facilities and access within the existing basement, the consultants recommend the following modifications:

(a) Develop a service drive and loading dock at the northeast end of the building near the existing stairway. The proposed below-grade drive would originate at the existing University road east of the Museum and terminate at the basement floor level.

(b) Locate restrooms in a central location along the main circulation corridor of the basement. This relocation would provide better access to the restrooms and also increase the size of the central storage area.

(c) Remove the north stairway between the basement and first floor level. This stairway would not be needed with the proposed elevator addition and with the emergency exiting at the service drive. Its removal would provide additional storage space.

(d) Locate new mechanical equipment on the roof in place of the present central basement location, freeing over 1,000 square feet of floor area for support services and eliminating the narrow entry to the storage area. The floor level in this area should be lowered to coincide with that of adjacent spaces.

(e) Raise portions of the floor and relocate partitions to improve access and provide greater and more efficient spatial arrangements.

(f) Remove overhead mechanical ducts, where feasible, and paint ceiling and wall surfaces throughout the basement level to eliminate the spalling of unfinished concrete.

(g) Install new light fixtures in all basement work areas to provide more adequate illumination.

(h) Install an elevator to provide direct access between the basement storage area and the upstairs galleries.

Insofar as security and life-safety improvements are concerned, the proposed spatial reorganization would have the effect of directing traffic flows away from high risk areas in the basement and in front of control points in both the basement and first floor levels. Additional control stations and
security personnel may need to be utilized throughout the Museum during times of high usage. Primary public access into the building has been through the main west entrance; auxiliary access has been through the east service entry. Both entrances have steps, although the east entry has had a steep temporary ramp. To facilitate ease of access, the proposed service drive and the east public entry would be separated. The architects recommend that the east entry be developed to encourage museum usage and that the walkway be graded to meet the main floor without using steps. Changes on the first floor would create contiguous public lobbies between the east and west entries permitting service to the public at the information/reception desk and in the Gift Shop and Rental-Sales Gallery at times when the galleries are closed. Through the installation of the proposed elevator, improved access would be achieved throughout the building and allow for additional galleries at the second floor mezzanine level, increasing the public gallery space by more than 2,000 square feet.

The improvement of climate control would be accomplished through the removal of the existing mechanical system and the replacement with a system which would provide close temperature and humidity control on a zone-by-zone basis. Five main supply units would be installed on the roof complete with integral compressors, cooling coils, hot water coils, high efficiency filters and return air fans, all designed for maximum energy conservation and efficiency. Revisions in the electrical systems within the building would also be required. To serve new lighting and the new mechanical system, a 480v, 3-phase service would be installed with a 225 kva, 3-phase pad mounted transformer with distribution panel mounted below the roof in ceiling access space. Lighting and power loads would be served from separate panels, and a new fully-supervised electrical fire detection system would be installed throughout the building.

It is estimated that if all of the proposed work were undertaken at the Museum of Art, including the construction of an addition of approximately 10,000 square feet of new space, it would require total expenditures of about $1,960,000. Of this amount, approximately $1,050,000 would relate to the proposed renovations for storage, security, climate control, etc., and the other $910,000 would be applicable to new construction. The various improvements would be accomplished through a combination of several capital construction and capital improvement projects. Items of work qualifying for handicapped access would be charged against resources requested therefor in the Board's capital construction program for 1979-1981, if approved. Other minor rehabilitation costs might be financed from the operating budget, building use credits, federal grants, private gifts or other funds. Major expenditures, however, would appear to be dependent upon legislative authorizations for capital construction. To date, as noted above, approval has been obtained for the proposed expenditure of $525,000--all from gifts and grants--for the Museum of Art Addition and Alterations as one of the University of Oregon's centennial projects. The remainder would need to be programmed for consideration at a later time. Whatever is done would be expected to conform to the long-range development plan outlined for the improvement of the existing facilities. As financing becomes available for specific units of work, recommendations will be presented to the Board's staff and to the Board for appropriate expenditure authorization in the usual manner. Meanwhile, it is recommended that the architects' report be accepted.

Purchase of Jarvis Property, SOSC

(Considered by Committee on Finance, Administration, and Physical Plant, December 15, 1978; present--Ingalls, Ater, Batiste, Moore, and Perry.)

Staff Recommendation to the Committee

It was recommended that the Vice Chancellor for Facilities Planning be authorized to purchase the Jarvis property at 667 Indiana Street, Ashland, at the option price of $40,667. Inasmuch as the property is within the approved projected campus boundaries of Southern Oregon State College and
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is expected to be used for educational and general purposes, the purchase
would be financed from the General Fund appropriations and/or Article XI-G
bond proceeds authorized by Chapter 592, Oregon Laws 1973, and Chapter 331,
Oregon Laws 1975.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendations
as presented.

Board Discussion and Action

The Board approved the Committee recommendations as presented, with the
following voting in favor: Directors Anderson, Batiste, Carpenter, Feves,
Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

Joseph P. and Ruth A. Jarvis of Phoenix, Oregon, have offered to sell to
the Board the property located at 667 Indiana Street, containing approxi­
mately 0.245 acres of land improved with a single family residence and two
small additional rental units. The principal structure has a main floor area
of approximately 852 square feet devoted to a living room, kitchen-dinette,
a bedroom, utility area and bathroom. A finished attic of about 536 square
feet contains two bedrooms, a shower-type bathroom and large stair landing
and closet area. The building is of woodframe construction on a stone
masonry foundation with shingle siding and composition shingle roof. Each
of the separate one room rental units is a wood-frame structure
with a stall
shower bath. The general condition of all of the improvements is fair to
poor, having had very little maintenance or interior decoration in recent
years.

The Board owns several other parcels of land within this block at the
southern edge of the campus of Southern Oregon State College, and it is
expected that others will be acquired as they are made available by present
owners. Funds for the acquisition of land were appropriated by the Legis­
lature with the expectation that purchases would be made by the Board in
an orderly and timely manner.

To finance the option price of $40,667 for the Jarvis property, which was
negotiated with the owners following the receipt of three independent appraisals
of the property obtained by institutional officials, approximately $26,292 is
available and would be provided from the expenditure authorization within
Chapter 592, Oregon Laws 1973, and the remainder would be charged against
the expenditure authorization within Chapter 331, Oregon Laws 1975. In
accordance with the long-range development plan for the campus, this area
is designated for future educational and general use, so the funding would
be allocated from the General Fund appropriations and/or Article XI-G bond
proceeds available for such land purchases.

(Considered by Committee on Finance, Administration, and Physical Plant,
December 15, 1978; present--Ingalls, Ater, Batiste, Moore, and Perry.)

Staff Recommendation to the Committee

In view of understandings reached with the Educational Broadcasting Facili­
ties Program of the Department of Health, Education, and Welfare for the
omission of a Grants Pass translator and related microwave from the grant
application for the proposed Oregon Educational and Public Broadcasting
Service southern Oregon microwave and translator network, it was recom­
nended that the appropriate Board officials be authorized to advise the
Executive Department that the 1979-1981 capital construction request for
this project is being reduced from $460,000 to $326,950 and that the financing
plan for it is being amended as follows:
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Discussion and Recommendation by the Committee

In response to a question concerning cooperative arrangements with KSYS, it was indicated that it had been agreed to discontinue the State System request for a federal grant to build a translator in the Grants Pass area in order to avoid any indication of duplication of service in that area. In addition, a microwave feed would be provided in a southerly direction but the receiving end of that signal would be the responsibility of the other party. Some programming, such as Legislative coverage, would be available, but other program rights are negotiated on the basis of the number of transmitters so those programs would be provided only on the State System transmitters.

The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

On March 24, 1978, following consideration of a Committee of the Whole on February 23, 1978, the Board authorized the staff to submit a grant proposal to the Educational Broadcasting Facilities Program of the U.S. Department of Health, Education, and Welfare for a television translator and microwave project to serve Coos, Curry, and Josephine Counties. It was expected that the work would include the construction of translators in the communities of Coos Bay, Gold Beach, Port Orford and Grants Pass and a microwave interconnection of this system with the OEPBS network at Prospect Hill, the location of the transmitter for KVDO-TV, Channel 3, Salem. It was noted that in addition to the proposed extension of the OEPBS television network, the KOAP-FM composite radio signal (including the SCA or Golden Hours channel) would be extended into southern Oregon.

Authorization to file the grant application was cleared with the State Emergency Board on April 7, 1978. However, as a consequence of subsequent questions raised by the granting agency relating to a possible overlap of services provided by OEPBS and those of KSYS-TV, Channel 8, Medford, an agreement between representatives of the licensees resulted in a modification of the proposal to eliminate the Grants Pass 1,000-watt translator and microwave installations south of the relay station planned for Scott Mountain near Roseburg, although the microwave transmitter at the latter site would continue to include the capability of sending a signal southward to permit a mid-air meet with any receiving facilities which might be constructed for that purpose. With this adjustment, the estimated expenditure requirements were reduced from the original total of $460,000 to a revised figure of $326,950. Of this latter amount, the three-quarter share requested from the granting agency was $245,212, and the state matching funds were reduced to $81,738.
On November 16, 1978, the Grant and Procurement Management Division of the U.S. Office of Education notified the Oregon Educational and Public Broadcasting Service that a grant commitment of $203,964 was being made for this project with the understanding that state matching funds of $81,738 would be provided. To supplement these reduced total resources of $285,702, OEPBS has proposed that $41,248 from the Corporation for Public Broadcasting's 1980 Community Service Grant, effective October 1, 1979, be understood to be committed to meet the remaining estimated expenditure requirements for the work.

The Board has assigned priority No. 20 to this project in the listing of 1979-1981 capital construction requests for the educational and general plant. In order to give effect to the revised budget and financing plan, it is recommended that these adjustments be reflected in the materials furnished to the Executive Department for consideration by the 1979 Legislature.

It was recommended that the Board confirm the action of the Executive Committee in approving a sabbatical leave for Dr. James Kingsley Sours, former President of Southern Oregon State College. The leave is effective January 1 through December 31, 1979, on half salary, based upon a rate of $30,000 for 12-months' service. The amount of $30,000 is an approximation of the average professorial salary of $25,140 at Southern Oregon State College, translated to 12 months.

Board Discussion and Action

The Board approved the recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

Mr. Perry asked whether this commitment on the sabbatical leave involved any further commitment.

The Chancellor said the assumption was that a person on sabbatical leave would return in some capacity, depending upon the needs of the System at that time.

President Perry requested Mrs. Carpenter to read the following Certificate of Commendation honoring President Sours:

Certificate of Recognition
Honoring
Dr. James K. Sours

January 26, 1979

The members of the Oregon State Board of Higher Education wish to extend our warm appreciation to Dr. James Sours, who resigned from the presidency of Southern Oregon State College on December 31st.

Jim served his college with distinction for ten years. His leadership was marked by a strong commitment to excellence and by an unswerving dedication to the principle that "a president is, above all, a teacher... an example who must constantly persuade people to do what they should be doing anyway."

He lived this philosophy daily with an unusual degree of success. By patiently redefining many competing points of view, he created new areas of understanding and cooperation among faculty, staff, and students. And through such efforts as the Regional Advisory Council and the SOC Foundation, he greatly expanded the consciousness of the campus and the community, instilling in both a new sense of purpose.
Although he did not realize all of the goals he had set for himself, Jim can look back with pride on the "greening" of the campus, both intellectually and physically, during his tenure. Under his wise guidance and constant encouragement, the college reached out, increasing its program offerings significantly, strengthening its international and faculty- and student-exchange programs, and achieving regional college status. The campus setting also changed dramatically with the addition of three new buildings and thousands of new trees and shrubs.

The members of the Board wish to acknowledge the many lasting contributions that Jim has made to his college, his community, and to the State System of Higher Education. Each has been enriched by his concern. We extend our warm thanks, and wish him and his wife, Alice, many happy and rewarding days.

The Board adopted the Certificate of Commendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

M. Popovich, Certificate of Recognition

Mr. Perry then asked Mr. Ingalls to present the following Certificate of Recognition honoring Milosh Popovich:

Certificate of Recognition
Honoring
Milosh Popovich
January 26, 1979

The members of the Oregon State Board of Higher Education wish to extend a warm thank you to Milosh Popovich, who retired December 31st as Vice President for Administration at Oregon State University.

Poppy has long been referred to as "Mister OSU," and with good reason. His distinguished career of service to the institution spans more than thirty-two years as teacher, researcher and administrator. His loyalty was firmly rooted six years earlier, when he was an undergraduate and graduate student.

Throughout his tenure, he was fiercely dedicated to his institution, and its goals. Whatever the assignment or the challenge, he accepted it enthusiastically—his efforts always reflecting the preciseness and explicitness of his engineering background.

His broad understanding of the institution, and his strong and insightful leadership in fiscal management, combined to play a major role in the development of a well-run university. His contributions will have a lasting influence on those who follow him.

But Poppy was more than an exceptional money manager. He was also a wise and kindly counselor to all who sought him out. His eminent sense of fairness earned him the respect and loyalty of all who knew him, or worked with him. And his unyielding commitment to excellence epitomized the best that is the nature of man. Whether in personal relationships or in professional performance, he represented a level of quality that will long serve as a standard of integrity.

The members of the Board wish to acknowledge publicly the many significant contributions that Poppy has made to Oregon State University, to the State System and to the State of Oregon. He has served public higher education selflessly and honorably, and has richly earned the rewards which we know await him in the years ahead.

The Board adopted the Certificate of Recognition as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.
Mr. Perry said that representatives of the Foundation for Oregon Research and Education (FORE) had requested an opportunity to present a statement to the Board.

Mr. Wilson Hulley, Executive Director of FORE, introduced Dr. Ray Honerlah, Research Director for FORE, and Mr. Samuel C. Wheeler, Chairman of the Committee on Educational Planning and a member of the board of trustees of the Foundation.

Mr. Wheeler read a prepared statement emphasizing the need for long-range planning for all levels of education in Oregon. He outlined a general procedure to accomplish the task and stated that whenever possible plans should be conceived at the lowest and most concerned levels. He stated that the report of the FORE committee included 27 specific recommendations for guidance to others in the formulation of plans. He concluded with illustrations of those recommendations. The complete report is on file in the Board's Office, together with a copy of the prepared statement presented by Mr. Wheeler.

Dr. Honerlah said the recommendations made to the Board of Higher Education deal with the organization of the planning function within the institutions rather than the methodology of how the planning should be accomplished.

In response to a question from Mr. Perry, Dr. Honerlah said there had been an opportunity to examine some of the ten-year plans developed by some of the private institutions.

Mr. Perry asked how much publicity should be given to the final document in the process of long-range planning and mentioned possible adverse impact on morale from various elements in a plan.

Dr. Honerlah said planning must be documented and therefore is in the public domain for use in legislative decisions or with other groups. Mr. Wheeler suggested that the long-range goals should be stated clearly but perhaps the details might be less explicit.

Mr. Honerlah then reviewed briefly the following four recommendations pertinent to higher education as stated in the report:

We recommend that the State System of Higher Education prepare improved written statements of long-range missions, goals and policies for higher education in Oregon. These statements should form the basis of planning and decisions by the ECC and the Legislature for higher education, and should be reviewed and updated each biennium.

We recommend that the State System of Higher Education develop an improved set of guidelines and institutional goals in order that the mission and specific objectives of each institution be more clearly understood and communicated to the ECC, the Legislature, other agencies and the public. Such guidelines and goals should be prepared and reviewed in a comparative fashion, together with current and projected policies for program allocation and distribution. Particular attention should be given to regional and specialized institutions.

We recommend that a planning group representing each institution of the State System of Higher Education and the Board's office be formed and charged with developing a consistent and effective long-range planning capability for the institutions and the System. A committee of the State Board of Higher Education with authority to supervise the long-range planning procedures of the System and its institutions should also be formed.
We recommend that the State System of Higher Education and each institution develop four-year financial plans, four-year staffing plans, ten-year enrollment projections, five-year curriculum and instructional plans, and ten-year facility plans. All plans should provide for semi-annual and biennial review and updating. Coordinated and consistent procedures for enrollment forecasting and student clientele analysis should be developed throughout the system.

Mr. Hulley commented that a basic problem was convincing people of the need for a long-range plan and also that time was available to achieve the long-range planning.

Mrs. Carpenter noted that the Board had already reviewed a number of guidelines and goals. She said she was somewhat uneasy with the conclusion which inferred that long-range planning was not occurring.

Mr. Perry suggested that the subject of long-range planning be referred to the Chancellor for review, with the possibility that later there would be further analysis and discussion, perhaps through a Committee of the Whole or by some other means.

(Considered by Committee on Instruction, Research, and Public Service Programs, December 15, 1978; present--Carpenter, Feves, Anderson, Harms, Thorp, and Wyss.)

The report on instructional programs in business and management in the State System colleges and universities was presented in response to a request of the Board's Committee on Instruction, Research, and Public Service Programs. The complete report, entitled, Programs in Business and Management in the State System of Higher Education, is on file in the Board's Office.

As an introduction to the report, and as a backdrop against which to view the remainder of the report, there was presented on pp. 3-14 of the full report a variety of extracts and summary statements from the seminal report on college and university business administration programs (Higher Education for Business), funded by the Ford Foundation and published in 1959.

The foregoing report, and one completed at approximately the same time, under the auspices of the Carnegie Corporation (The Education of American Businessmen, A Study of University-College Programs in Business Administration) have had a profound effect on business administration programs in the United States in the interim.

In the full report, information concerning the programs in business administration in the State System of Higher Education is presented.

A brief summary of selected topics included in the report and the staff recommendation to the Committee appear below.

Summary

1. The State System has sought to offer Oregon residents broad access to business administration programs.

   Baccalaureate programs in business have been authorized in five locations (UO, OSU, PSU, SOSC, EOSC).

   Four institutions (UO, OSU, PSU, SOSC) have been authorized master's programs.

   Only one institution (UO) has been authorized PhD programs in business.
2. The justification for this broad access to business programs is three-fold:

- The business area is one of the highest employment areas in the state or nation.
- Business administration is an area of high student interest and hence, of high enrollments.

Students see in the business education programs an opportunity to acquire (a) a sound general education (from 74 to 112 credit hours - 40% to 60% of the total of 186 credit hours required for the baccalaureate degree; 112 credit hours are required at OSU; one may be taken in subject matter areas outside the school of business), and (b) a sound professional education with an outlet to one of the most active employment fields in the nation.

Giving students broad access to business courses is economical in a relative sense.

- Direct instructional costs of baccalaureate business courses are, with the exception of the upper-division courses at EOSC, lower than for the average of all courses offered in the institutions.

- In three of the four institutions offering mixed and graduate courses in business administration, the direct instructional costs per student credit hour for 400g/G and 500-level (graduate) courses are lower than for the average of all courses in each institution.

To close out access to business education in an institution might very well dispose the students in that institution to enter other programs in the institution, many of which have higher direct instructional costs than business.

3. The national accrediting association - the American Assembly of Collegiate Schools of Business - which is considered by many to have rigorous standards, has accredited the following State System programs:

- UO - baccalaureate and master's degree programs
- OSU - baccalaureate and master's degree programs
- PSU - baccalaureate program

Portland State University is beginning the accreditation process for securing AACSB accreditation of its master's program in business administration. The institutional self-study will occur in 1979-80, to be followed by the AACSB visitation to PSU in 1980-81.

Neither of Southern Oregon State College's programs in business has AACSB accreditation. Southern Oregon State College's baccalaureate business program dates back to 1964; its master's program to 1976-77. Southern Oregon State College is striving to meet as many accreditation requirements as it can within its present resource base.

Eastern Oregon State College has no present plans for seeking AACSB accreditation for its business/economics baccalaureate program.

4. The several programs in business make provision for student evaluation of the courses, although, as might be anticipated, the details of the evaluation programs differ.
Generally speaking, the institutions appear to be making a good faith effort to secure student evaluations of their programs and to consider these evaluations in reviewing programs periodically.

The Board's Office sought from graduate business students enrolled in business courses in the three universities during winter term 1977-78, their evaluation of the teaching/learning environment in business as they had experienced it. The response was very favorable as is set forth earlier in this report.

5. Precise, detailed data as to placement of baccalaureate graduates in business are lacking, for the most part. Each institution maintains a placement service for its students, but many students do not avail themselves of the service because they already have post-graduate plans for employment or other activities.

Placement of master's graduates in business is reported by the institutions to be good, and to the extent the sampling studies reported can be generalized from, those sampling studies submitted support that assertion.

More detailed placement information would be helpful in responding to the questions raised as to employment opportunities for business students.

6. The number of baccalaureate and master's degree graduates in the field of business has increased significantly in recent years, while the number of PhD graduates has declined, as the production figures for two recent years reveal (1972-73 and 1976-77).

<table>
<thead>
<tr>
<th>Number Graduates - State System</th>
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<tbody>
<tr>
<td>Baccalaureate</td>
</tr>
<tr>
<td>1972-73</td>
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<tr>
<td>1976-77</td>
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<tr>
<td>Change, 1972-73 to 1976-77</td>
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<tr>
<td>% Change, 1972-73 to 1976-77</td>
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7. Headcount enrollments declaring a major in business in the institutions of the State System are increasing as a proportion of the total headcount enrollments of the institutions - a reflection of the heightened career orientation of students. A glance at the following figures for the years 1975-76 and 1978-79 illustrates the point:

| % Fall Term Business Declared Majors Were of Total Inst. Enrollments |
|--------------------------|-----------------|
| 1975-76                  | 1978-79         |
| University of Oregon    | 11.2%           | 14.4%          |
| Oregon State University | 12.2            | 15.8           |
| Portland State University| 13.3            | 18.8           |
| Southern Oregon State College | 16.3     | 21.9           |
| Eastern Oregon State College | 10.2       | 16.6           |

8. Business administration, as a field of study, has not been the beneficiary of large governmental grants and contracts in support of research as have the basic disciplines, the natural sciences in particular.

Nevertheless the faculties of the three universities which have had graduate programs in business administration for some time count research as one of the three principal responsibilities of the business administration programs. The other two are instruction and public service.
In the body of the report (pp. 54-56) are given some illustrations of the nature of the research efforts of the two older universities. More detailed information concerning research activities in all three State System universities is on file in the Board’s Office.

9. Illustrations of the public service activities of the programs in business administration are set forth on pp. 59-64 of the full report. It is clear from the more detailed reports of the institutions as to their past accomplishments and their plans for the future, that public service looms large in their thinking as one of their three principal obligations.

10. Selected issues:

The enrollment/resources bind. This is a problem which arises out of circumstances in which enrollments in business administration have increased faster than the faculty FTE and other resources assigned to the program.

This is not a problem unique to programs in business administration. It is shared by other programs whose enrollments have risen rapidly during a period in which the total institutional enrollments have remained stable or have declined.

The problem stems from a variety of legitimate causes several of which are touched on in the body of the report (pp. 131-134). School and departmental administrators who have experienced in their schools and departments the cyclical upswings and downswings of enrollments over a period of years tend to be philosophical about the lag in the adjustment of faculty FTE allocated to the school or department as enrollments decline or increase significantly, feeling that the lag has both its positive and negative aspects in the institution’s operations.

The impacts of the fact that enrollments in business administration have risen faster than faculty FTE assigned the programs is seen in a number of ways of which the following are illustrative:

a. Average class size and teaching methodologies employed.

b. Allocation of faculty and the incidence of part-time, adjunct faculty.

Restricted vs. free-flow business enrollments. Colleges, schools, and divisions of business administration in State System institutions are stretching themselves to accommodate the students clamoring for admission.

Their alternative is to restrict enrollments in business - an alternative repugnant to them, so long as it is possible to carry the enrollment load under a free-flow enrollment policy.

The rationale for their reluctance to restrict enrollments is discussed in some detail on pp. 134-135 of the full report.

Undergraduate programs in business. There are some who urge that business administration programs ought to be offered only at the graduate level; that the undergraduate years ought to be given over to the arts and sciences - the acquisition of a sound general education, with professional preparation in business administration restricted to the graduate years.

They cite the fact that some of the most prestigious independent colleges and universities such as Harvard, Stanford, University of Chicago, and Dartmouth, offer programs in business only at the graduate level.
The State System institutions and the Board’s Office have considered this point of view and have concluded that as public institutions, there are good reasons why State System institutions ought to offer baccalaureate programs in business administration. For some who attend these public institutions, the baccalaureate programs constitute the one opportunity they'll have to get specialized preparation for entry into the business world. And, as we have earlier noted, the baccalaureate program in business administration provides that anywhere from 40% to 60% of the student's work can be taken outside the business field. This permits the student to get a sound general education as well as specialized preparation for a career.

Extent of specialization to be provided in the undergraduate program in business. Collegiate business education, like many other professional programs (e.g., engineering, education), has undergone cyclical gyrations with respect to the nature of the major programs thought to provide the best education.

In the case of business administration, program shifts which began in earnest with the Ford and Carnegie reports on business administration have resulted in the institutions generally reducing the extent of the specialization provided for or allowed in business (through such options as real estate, insurance, advertising and the like) in favor of generic programs. Following twenty years of this emphasis, forces and influences in the business and collegiate business education worlds are tending toward a return to greater opportunities for specialized work, characteristic of the pre-1959 era.

This is an aspect of program planning that is currently under review by a number of State System institutions. Institutional program developments in the future are likely to reflect this shifting emphasis.

11. In the section of the full report relating to future developments, the deans of business administration outline some of the planning and thinking being done by State System business faculties as they look to the future.

The State System institutions offering programs in business have recently completed, or are in the process of completing, examinations of their business administration programs with a view to improving them in a variety of ways:

a. The University of Oregon completed during 1977-78 an internal study of their baccalaureate, master's, and doctoral programs in business, with a view to strengthening these programs. The report, "College of Business Administration Report on the Future of the College of Business Administration," outlines the recommendations of the several faculty groups in the College of Business Administration, and of a College-wide committee, for improvement of these programs.

Some elements of the plan are being instituted in 1978-79, others will follow.

b. Oregon State University is in the midst of an internal review of its business administration program. A thorough reexamination is being made of both the objectives and the content of the baccalaureate and master's programs. Although both programs were re-accredited by the American Assembly of Collegiate Schools of Business in 1975, they will be subject to a five-year "interim" review in 1980, and the regular ten-year review in 1985. The current reexamination is being undertaken now because of the time required for internal and external review and approval of curricular modifications in the State System institutions.
Meeting #454

January 26, 1979

1. Portland State University is shortly to undergo a rigorous accreditation review by the American Assembly of Collegiate Schools of Business in an effort to secure AACSB accreditation of the master's program which is currently not accredited. They have begun their internal study as a preliminary to the AACSB visitation.

d. Southern Oregon State College is just getting its newly-authorized master of science in business administration program underway and is, therefore, particularly sensitive to the problems inherent in launching a new program in business. They are adhering to the admissions standards recommended by the American Assembly of Collegiate Schools of Business, and hope to develop a program consistent with AACSB standards.

e. Eastern Oregon State College reports that it is in the midst of a review of its business/economics and agri-business programs, with plans for shoring them up, as outlined elsewhere in this report.

The December 15 meeting will afford the Board's Committee opportunity to review with institutional representatives some of these developments in greater detail than they are presented in the report.

Staff Recommendation to the Committee

The Board's Office recommends:

1. That the Board accept this present report.

2. That the Board reaffirm the wisdom of providing in Oregon wide geographic accessibility to baccalaureate programs in business administration, and the breadth of accessibility to master's and doctoral programs in business presently provided in the State System.

3. That the formal internal institutional reviews of business administration programs, currently underway in the State System Institutions, be recognized by the Board, and that the institutions be encouraged to continue in their efforts to improve the quality of their business programs through appropriate allocation of resources, care in selection of students, monitoring of student progress in the programs, and evaluation of program outcomes.

4. That the significant outcomes of (a) the current internal institutional reviews of business administration programs, and (b) the AACSB "interim" review of the OSU programs and the accreditation review of PSU's master's program be reported to the Board upon their completion in 1980-81.

5. That the institutions be requested to develop on a systematic basis more complete information concerning the employment of their graduates; to be used in (a) informing prospective students as to the employment experience of business graduates, and (b) in institutional planning and evaluation.

Discussion and Recommendation by the Committee

Dr. Romney made a brief presentation of the origins of the report. He presented briefly some of the salient points in the report. Among them, he noted the rapid growth in the number of students entering business administration programs, noting that the headcount in business administration ranges anywhere from 15% to as much as 25% of the total enrollments of State System institutions.

He alluded to the section of the report devoted to "Selected Issues" (pp. 131-136 of the full report) which speaks briefly to the following issues:

The enrollment/resources bind.
Commenting on the rapid increase in enrollments in business administration, Dr. Romney noted that, although the institutions do not have precise and detailed information on the placement of their graduates, indications are that most graduates are being placed in positions reasonably appropriate to their preparation. He noted that the U. S. News and World Report had just that week reported that recent national surveys suggest a very substantial increase in demand in the future for graduates in some areas of business administration and a generally healthy employment market.

Dr. Romney commented that the rapid increase in enrollments in business administration programs stems from the fact that such programs appeal to a very wide range of individuals, including, most particularly:

- Those students whose career choice is clearly business oriented;
- Those students who are as yet unsure of their career goals but who want access to a college education which will (1) offer them a sound general education in the arts and sciences, (2) provide them with understandings and skills in the business fields that will serve them well, whatever their future careers may be, and (3) leave open a great many career options for later decision by the student (undergraduate business programs generally consist of 60% non-business courses; 40% business courses);
- Those students majoring in other fields (e.g., arts and sciences, engineering, agriculture, education) but who wish access to business courses in strengthening their career preparation.

Mrs. Carpenter then called on the three deans to comment on their programs.

Dean Reinmuth, Dean of the University of Oregon College of Business Administration, reviewed the objectives of the baccalaureate, master's, and doctoral programs in business administration as they were set forth in the Board's Office report to the Committee (pp. 22-28).

Among Dean Reinmuth's observations were the following:

1. One of the major problems faced by the College of Business Administration is finding the resources that will enable the College to serve all of the rapidly increasing numbers of persons desiring preparation in business administration.

Some 15% of the undergraduate student body at the University is enrolled in business administration. The College's student body consists of some 2,200 at the undergraduate level, 250 master's students, and 50 PhD students. Indications are the numbers enrolling will continue to increase. Dramatic changes will be required to handle these numbers of students, as Dean Reinmuth notes in the final chapter of the Board's Office report (pp. 137-140).

2. Placement of baccalaureate and master's students is good; graduates of the PhD program in business have virtually unlimited opportunities. Most PhD graduates go on to careers in higher education.

3. The College is working assiduously to assure the full integration of its teaching activities with its research activities and with an authentic working relationship with the regional business community. This has resulted in efforts by the College to define in a more meaningful way...
than in the past the clinical approach to education, alluded to in the forepart of the Board's Office report. He defined the clinical approach as one in which the faculty, students, and business practitioners work together in common, or on common problems. It calls for an increased amount of casework, an increased focus on case-type education in the classroom. In addition, he said, the University of Oregon is in process of:

a. Implementing internship programs for students, and in some cases, internship programs for faculty, so that students can become better acquainted with the real issues of business practice, and the faculty may add their expertise to business practice and in return take back into the classroom and laboratories of the College of Business Administration an increased awareness of the problems and practices of the business community.

b. Development of an extensive visiting executive program in which business executives from regional communities, and in some cases, further afield, are invited to visit the College for several days, visiting and participating in classes in the fields of their expertise and interacting with students and faculty.

c. Development of professional programs for the non-traditional student. Over the past two years the College has offered short courses in Portland for practicing managers. These programs are not all offered by the College faculty. Some are offered by outside experts made available through a consortium of more than 100 universities, of which the University is a member, who share speakers of national repute.

d. Development of programs to be made available to executives during the summers. Currently in the planning stages, these programs will be modeled after similar programs being offered in some of the distinguished universities in the United States. Persons to be served will be those in the middle management range, as well as entrepreneurs of small business enterprises. Emphasis in the summer program will be on helping executives to upgrade their skills in management and behavioral processes and in gaining a better understanding of the environment as it impacts upon business practices.

4. The College plays a unique role in the State System, Dean Reinmuth said, in that (a) it offers the only PhD program in business authorized by the Board; (b) it emphasizes research on the part of faculty, made possible by the grant support received from outside agencies. He referred to the extensive research being done in three different fields of business which has brought recognition to the College.

Dean Goddard of Oregon State University then made a brief presentation. Among his observations were the following:

1. Much that Dean Reinmuth reported concerning the University of Oregon program in business, and the issues and initiatives relating thereto, are characteristic of Oregon State University as well.

2. The similarity in programs stems in some measure from the influence of the American Assembly of Collegiate Schools of Business (AACSB), the national accrediting agency, which has standards with respect to the character of the faculty and its qualifications, the curriculum, and the activities of faculty with respect to research and public service activities, and related matters.

The influence of AACSB results in business programs being more alike than different, he said.
3. The demands on the School of Business at Oregon State University are very similar to the demands upon the College of Business at the University of Oregon, as described by Dean Reinmuth, and the responses to those demands at Oregon State University are also much like those at the University of Oregon.

4. Like the University of Oregon, Oregon State University does not encourage a great deal of specialization at the baccalaureate level, but opportunity for some specialization is available for students who cannot, or do not intend to go on to graduate school.

5. It is an interesting fact that the distribution of course credits in the baccalaureate program in business (2/3 non-business courses, 1/3 business courses) is the same percentage distribution as that achieved by students who complete a baccalaureate program in arts and sciences followed by completion of a two-year MBA program, namely, 2/3 non-business, 1/3 business. The blend of non-business and business courses in the baccalaureate program in business is optimal and accounts in some measure for the effectiveness of the baccalaureate business program in serving the needs of students, offering them a sound general education, and an effective preparation for entry into a business career.

6. The MBA program, like other MBA programs in the United States, emphasizes breadth rather than depth. Discussions are currently underway among leaders of the American Assembly of Collegiate Schools of Business (AACSB), the American Institute of Certified Public Accountants, the American Accounting Association, and other accounting associations which may have a lasting impact on professional preparation in the field of accounting. These discussions may lead to some special accreditation for accounting programs. Should this occur, the institutions offering preparation for accountants will need to be responsive. Hence, some proposed curricular changes in accounting may need to be made in the spring of 1979 or shortly thereafter.

7. The Oregon State University business program has always had very strong relationships with business practitioners. One of the School of Business policies is that the School will be involved in only those programs offered the business community in which Oregon State University faculty are the principal faculty for the program.

8. The Oregon State University School of Business has always encouraged its faculty to engage in research and they are appropriately involved therein as they are in public service activities, as indicated by the illustrative material in the Board’s Office report to the Board.

9. The School of Business, like its counterparts at the University of Oregon and Portland State University, is having problems with finding the resources to provide all of the services being sought by the increasing numbers of students who are swelling enrollments in business. Ingenious ways must be found for serving these needs with the resources that can be applied thereto.

Dean Parker of Portland State University made a brief report on some elements of the Portland State University programs in business, among which were the following observations:

1. Participation in the development of the data and information necessary to the Board’s Office report to the Board has been a useful experience for the institutions, and has provided a good bit of useful information concerning the development of the programs, and the problems they currently face.
2. From substantial experience gained as a member of accreditation teams evaluating programs for more than a half dozen other states, there emerges the feeling that Oregon is fortunate in the quality of the business education programs it offers its people.

3. Much that has been said earlier by Deans Reinmuth and Goddard is concurred in by Dean Parker.

4. The Portland State University School of Business was established in 1961. During the 1960's enrollment growth in business proceeded at about the same pace as overall institutional enrollments. Beginning in the early 1970's, however, the picture completely changed. Since 1971 enrollments in business have more than doubled. Resources available to the School of Business have not doubled over the same period, however. Consequently, some serious problems have been created that are being dealt with by the School.

In the past year or two, admissions to the business school have constituted 25% of the total admissions to the University and seem to be leveling off there.

5. The master of taxation program recently authorized Portland State University is starting out very well. More than 300 inquiries have been received already concerning the program.

6. The Portland State University School of Business Administration came into being in 1961, just at the time that the Ford and Carnegie reports on business administration programs, alluded to in the Board's Office report, were much in the news. The Portland State University School of Business, therefore, had the advantage of the recommendations of those studies as it established its first programs. A number of characteristics reflect this fact:

a. In the baccalaureate program in business, heavy emphasis is placed on general education or the arts and sciences. A student may not count toward the required 186 credit hours for the baccalaureate degree more than 75 credit hours (40% of the total) in business courses. A minimum of 111 credit hours must be in non-business courses (60% of the total).

b. There is an extensive and very close working relationships between the School of Business Administration and the business practitioners in the region.

7. Other characteristics identified were:

a. Because of Portland State University's location, a significantly higher percentage of Portland State University's business students are part-time students than is true of other programs in the State System, both at the baccalaureate and the MBA levels.

b. In selecting staff, Portland State University has restricted its search to individuals who had both (1) substantial business management experience, and (2) the doctoral degree.

c. The proportion of women enrollments in business has risen markedly. Seven or eight years ago, women constituted 10% of the business enrollments; now they are 30% and may be expected to rise to 50%.

8. Portland State University's experience with placement of graduates in business is similar to that in the two older universities. They have more opportunities for placement of graduates than they have graduates.

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The demand is not from business organizations alone, or primarily, as it once was. Other organizations (e.g., government, non-profit organizations) are now recruiting from the business school.

Mrs. Carpenter asked as to how satisfactory Portland State University had found part-time adjunct professors to be. How do the students feel about part-time instructors?

Dean Parker responded that, used judiciously, part-time adjunct professors can add an important dimension to the quality of the program. Ideally, he said, Portland State University would like to employ about 20 part-time adjunct professors each term—business executives, accountants, attorneys, and other key people from the metropolitan community. But recently, because of the press of enrollments, some 60 part-time instructors are having to be employed and the quality of performance has not been sustained at the same level as when only 20 were being employed. These part-time instructors are rarely used in graduate courses; they teach primarily lower-division courses.

Mrs. Carpenter observed that the plans for the master of taxation program had called for the use of part-time instructors. Dean Parker responded that approximately one-half of the instruction will be offered by tax professionals who will add strength to the program.

Mr. Wyss observed that in none of the deans' presentations had there been any reference to what is sometimes thought to be a problem in business schools, namely, the alleged over-commitment of full-time faculty to outside consulting. At the same time the business schools are having to employ part-time instructors to carry the teaching load, are the institutions losing the services of full-time faculty in the classroom because of inordinately heavy consulting commitments or because business is hiring faculty away?

Dean Parker responded that Portland State University had not had a problem with its faculty being enticed away by business concerns, and the majority of the faculty are not involved in consulting in the community. But, he said, there had been some instances when outside commitments had so claimed the attention of a faculty member or two that the School of Business had separated them from the institution.

Mr. Wyss asked whether the planned new facility for business at Portland State University would provide amphitheatre-type seating in some classrooms to facilitate instruction.

Dean Parker reported that the planning of Phase II of the Professional Schools Building, which will house the School of Business, will include special-purpose classrooms, including graduate seminar rooms, rooms especially designed for case study problems, and other special purpose rooms. At present the School of Business is using classrooms all over the campus.

Mr. Anderson asked Dean Goddard of Oregon State University to elaborate on his earlier reference to the special discussions currently going on concerning advancement in the field of accounting. What implications do these developments have for the Board of Higher Education? Do they portend the establishment of an additional degree program in accounting similar in type to the master of taxation program being offered at Portland State University? What impact will this have on the State System? Are there other areas of business in which similar developments may occur?

Dean Goddard responded that business administration programs had been greatly affected by the Ford and Carnegie reports of 1959 relating to business administration programs in colleges and universities of America. Among the criticisms leveled at these programs by the foregoing reports was that existing programs were too often too much of a cookbook approach to the teaching of business administration—the teaching of routine methods and techniques rather than critical, analytical thinking.
Colleges and universities were sensitive to this criticism from the economist authors of the Ford and Carnegie reports, and modified their business programs significantly.

There is a narrow line between the learning of how to think and the loss of ability to do anything—that is, the loss of specific skills. As the colleges and universities modified their programs to emphasize analytical, critical thinking, the accounting profession began to recognize that graduates were coming out of the institutions with considerable generalized abilities but fewer and fewer professional skills. By the mid-1970’s the accounting profession was very concerned about this fact and began to put heavy pressure on the business schools to teach what the accounting professional would consider to be more of the professional concepts in accounting, and what some professors would say are less theoretical and more professional skills and practical knowledge. This pressure is now beginning to have its impact on the collegiate schools of business, Dean Goddard said.

Dean Goddard said that by April or shortly thereafter (certainly by fall term 1979) the consultations of the professional accounting associations with the American Assembly of Collegiate Schools of Business will likely be completed and the recommendations of these bodies will be known.

Dean Parker noted that, characteristically, accounting is included in a separate department within the school of business. One proposal has been that some colleges and universities should have their accounting programs set up in a separate professional school of accounting. There is no sign of that thinking in Oregon that he knew of, said Dean Parker, but there could be in the next 5 to 10 years.

Dean Reinmuth observed that accounting is, in his experience, unique among the specialized areas of business in the close ties that exist between the professional accounting groups and accounting programs in the colleges and universities. He said that he believed the pressures from the professional accounting firms and organizations on the schools of business will have more impact on the very large universities that have very large accounting faculties than upon institutional programs the size of those in Oregon. The University of Oregon has an accounting faculty of seven persons. It would make no sense for so small a group to attempt to spin off as a separate school. What we may see, he said, is the development of specialized programs in accounting of perhaps 5 years’ duration offering a professional degree in accounting. This would be somewhat like the professional degree in taxation being offered by Portland State University. That is a very realistic possibility in the short term, Dean Reinmuth said.

Dean Goddard agreed with Dean Reinmuth’s assessment. The most recent information from the national study committee is that there seems to be a preference for utilizing the MBA degree to serve the purposes in accounting—offering the MBA at the end of five years rather than the specialized degree, simply because of the preference for the MBA degree over a specialized degree such as a master of accountancy. This is rumor as of now, Dean Goddard said.

But what we are likely to face in the future is a drive for the modification of the AACSB standards which now stipulate that at the undergraduate level faculty FTE shall be no less than one FTE per 400 student credit hours per term, and at the graduate level, no less than one faculty FTE per 300 student credit hours per term. It may be that the accounting profession will drive for higher standards which, if they are able to get them, will face the institutions offering programs in accounting with the need to add resources for accounting instruction.

Dean Goddard said that he wouldn’t rule out the possibility that as early as 1979 there would be requests coming to colleges and universities to meet these requirements. The question is only how extreme the proposal may
be. He doubted, he said, that the accounting associations will seek establishment of separate schools of accounting. What seems more likely is a special degree program which, if adopted as a preferred program, will have an impact on accounting programs across the nation.

Mr. Wyss asked how such a demand would be enforced. Through the accreditation process that is usually in the hands of the profession itself? The public will view this with a jaundiced eye. Public institutions, paid for by taxpayers, are being pressured by a profession that wants the public to pay more for education of professionals than it itself is paying, and so says it will not any more accredit the preparation program turning out professionals in the field unless the institution provides the kind of program the profession demands. Is that what is being confronted? Where will it all end?

Dean Goddard said that standard setting by accreditation associations has been an important mechanism through which the standards of preparation have been raised in many programs and professions. He said that in the present instance, he rather thought that what would happen is that, so far as the public accounting segment is concerned, the fifth year of study that will likely culminate in an advanced degree, would be substituted for the one year of experience now required to sit for the CPA examination. The kinds of pressure brought by professional groups upon programs of preparation as exemplified by the accounting profession are characteristic of other professions as well, Dean Goddard said. The success of any profession in bringing about change in the professional preparation programs depends in important degree upon their cohesiveness as an organization, and their ability to bring political pressures to bear on the institutions, and more directly on society as a whole. Accounting is a cohesive profession with considerable political power within society and they may well be able to bring that power to bear upon the institutions so as to achieve the accountants' aims.

Mr. Wyss suggested that the accounting profession appears to be asking for more technical education instead of general education, and appear to have found a way to bring leverage on society to achieve their desires.

Dean Goddard said that most people in the profession would prefer to use the word "professional" rather than "technical." And, said he, there is a nice distinction between that which is technical and mechanical, and between that which is professional and that which is abstract, or general skills.

Both the techniques, and the abstract ability to handle the problems that these techniques are expected to deal with, deal with them in the abstract as well as the concrete. This combination is what the accounting profession means by professional, said Dean Goddard. What the accounting profession is saying is that educational programs for accountants are missing one of these ingredients pretty badly and they want a different mix in the education being given.

Mr. Anderson said that business schools are sometimes criticized because they allegedly relate more to the large multi-national corporations, because so much of their resources allegedly come from the corporations. It is alleged that far too little time is given to the problems and the needs of small business at the entrepreneurial training level. Consequently, graduates tend not to move into the small business domain. It is so much easier to place them in General Motors, Union Carbide, and similar organizations which recruit students from our institutions. What kind of response can one make to these allegations? he asked.

Dean Reinmuth responded that at the University of Oregon the curriculum, to a great degree, is designed in a very generic way to try and appeal to a broad range of types of business organizations. It is true, however, that the textual material used in the instructional program is often oriented toward large businesses as opposed to small and evolving businesses. The
tests, the cases used, the examples presented, are often drawn from large businesses. The characteristic business of our region is a small evolving business or an entrepreneurship that has developed, in many cases, into something quite substantial, like Tektronix. The University endeavors to provide elective materials that properly prepare students to handle the problems of small and medium-sized businesses.

Dean Parker said that Portland State University seeks to provide a balanced opportunity for students, acquainting them with cases from small, medium-sized, and large businesses. Owners and managers of small businesses are brought in to lecture to classes and all three universities operate small business institutes in which students serve on teams to analyze small business organizations in the area. They identify the problems faced by the business and develop recommendations for solutions of the problems. Over a period of years, Portland State University has had some 800 students engaged in these small business institute programs. In addition, Portland State University offers a course in entrepreneurship which is extremely popular. The course is taught by a major executive from a multi-national corporation who decided to go into business himself.

Mrs. Carpenter asked Dean Reinmuth to comment on the part-time adjunct professor. He responded that the University of Oregon doesn't use very many part-time adjunct professors, but does use numerous doctoral students who are called graduate teaching fellows in the instruction of the undergraduate program. Only five adjunct professors are currently being employed by the University of Oregon, but 35-40 graduate teaching fellows are employed. The full-time faculty numbers 46. More than half of the undergraduate curriculum is taught by part-time graduate teaching fellows. The problems resulting is that these part-time instructors do not have a continuing affiliation with the School of Business and quality control of instruction is difficult to monitor under the circumstances.

Mrs. Carpenter asserted that judging from the materials in the report to the Board, and from what had been said by the deans, she surmised that the largest problem faced by the schools of business is a monetary one.

Dean Reinmuth said the financial and enrollment problems are the two greatest. It is these dual problems that have obliged the College of Business to go to the use of GTF's and part-time adjunct faculty to the extent it has.

Mr. Wyss commented on the question raised by Mr. Anderson relating to small businesses. He said that if, as the Ford and Carnegie reports recommended, you teach people techniques for analyzing different problems and ways of thinking, it makes less difference what size the business is than it does if you teach specific technical ways to deal with a specific problem when it arises. As we move toward professional training, as the accountants would prefer to call it, we are moving back toward a particular technique in solving special problems. But business schools have attempted instead to teach people how to approach a problem instead of what a specific answer is or how you go into a marketing department of Proctor & Gamble and solve a problem there.

Mrs. Carpenter then called on Dean Ettlich of Southern Oregon State College to comment on developments in business education at Southern Oregon State College.

Dean Ettlich reported that the Southern Oregon State College bachelor's and master's programs in business are significantly smaller than the programs at the three universities. Growth in business enrollments at Southern Oregon State College has been dramatic, however. The staffing of the programs is the most difficult problem, not alone because of a shortage of institutional funds, but also because faculty personnel in business are in short supply and, judging from Southern Oregon State College's experience, new doctoral
candidates for faculty positions in business are being paid in some institutions a $10,000 to $15,000 differential over salaries being paid their counterparts in other fields. Paying business faculty more than other faculty then brings pressure on the institution to eliminate this inequity by increasing the salaries of other faculty.

A second problem at Southern Oregon State College in business education is the housing problem, resulting from the very rapid growth of the business program. This problem will be highlighted in the long-range plans of Southern Oregon State College.

Southern Oregon State College's business program seeks to maintain close working relationships with the business world of southern and southeastern Oregon and feels that it is being quite successful. The expertise of the faculty, in such fields as accounting, personnel, collective bargaining, management, and marketing, is being more and more looked to by business in the southern region for assistance.

Southern Oregon State College business faculty are also seeking to tie their programs into research activities, particularly in researching problems of interest and importance to the southern region. Illustrative of these studies is the airport services study, and an study relating to the need for an alternative means of securing a regional convention center in southern Oregon.

Dean Ettlich concluded by noting that the business program has had a very salutary effect on the College and has enabled the institution to approach more nearly the goal set for it in the guidelines, namely, that it should become a regional state college serving the needs of the region.

Mr. Wyss then pointed out to the Committee that they had only recently studied teacher education in the State System—an area of study which grew very rapidly in the past, as business is now growing, and is now looking for new areas in which it can apply its expertise. The Board decided, said Mr. Wyss, that teacher education is worth preserving and he said, that there has to be non-traditional applications of some of the resources that were developed during that period when growth was so rapid. It now appears that demand for teachers has passed its lowest point and is increasing once again, at least in proportion to the number of available teachers.

The question the Board and its institutions must ask themselves now, Mr. Wyss said, is how do the institutions adjust to what might appear to be a fad (business administration) turning into a movement, and how much flexibility do the institutions leave themselves. How much does the institutional executive build into the institution so that it adjusts to these new movements without getting overcommitted to them. It is probably an unanswerable question, Mr. Wyss said, but it's the kind of thing that institutions must grapple with as they allocate resources.

University of Oregon Provost Paul Olum responded by noting that this is a problem the institution faces continuously as enrollments wax and wane in selected departments or programs. The institution is constantly faced with the problem of reallocation of resources. Many in the institution would like a formula under which resources would be allocated in terms of student credit hours generated and the carrying load of faculty, with the institutions transferring funds from one program or department to another in accordance with such an objective formula. The rapidly-growing departments and programs would like to compare themselves with other departments and programs in the institutions in terms of the number of student credit hours they generate in their courses. The University, on the other hand, wishes to compare the level of support accorded business administration to the level of support accorded business administration by other, comparable universities, such as the members of the Association of American Universities, to which the University of Oregon belongs. The University
has a complete set of data on the AAU universities, and all of these universities are facing the same problems resulting from shifting student enrollments within the institution. Looked at in this context, he said, the University of Oregon business school is seen to be at least as well off as its counterparts in these comparable universities, and perhaps a little better off than the average of the AAU universities.

There has to be some inertia in the institution to protect programs which, though losing enrollments must be maintained, Dr. Olum said. So the University strives to provide some increased resources for programs that are growing rapidly, but not as much resources as would be justified by the enrollments were the resources to keep pace with enrollment increases. When the institution has a declining budget such as the University has had recently, the University recognizes the business school's need for resources by not cutting them at all or not cutting their budgets as much as other budgets are cut. They have received a little more money for a few things but the University has simply not been able to increase resources to keep pace with enrollment increases. There is no formula in use in the University of Oregon for distributing resources among programs and departments. It's human beings looking at it, juggling, saying how bad has it gotten, how much can we get away with? When it gets too bad, the institution gives the program a little more money but not as much as the program wants. That may not sound like a precise way of conducting the university's business, Dr. Olum said, but it's a practical way.

President Leinwand then asked the Board to begin to think about whether Oregon College of Education ought to be authorized a business program. He said there is pressure on the Oregon College of Education campus for a business program, in part motivated by declining institutional enrollments. Oregon College of Education has a business program in association with Oregon State University in which students take the lower-division work at Oregon College of Education and go on to Oregon State University for upper-division courses. But no students are registered in the program, he said.

He has been exploring with Chemeketa Community College in Salem the feasibility of developing a conjoint program through which students taking their business work at Chemeketa, mostly secretarial studies and bookkeeping, might get a baccalaureate degree at Oregon College of Education by taking upper-division work there.

President Leinwand has also been exploring with Linfield College the feasibility of developing a joint program through which students might take a portion of their work at Linfield in business, and a portion of their work at Oregon College of Education, and receive a degree in business. He said, however, that tuition differences, housing differences, and the like, will make the development of the program extremely difficult and nothing may come of these exploratory efforts.

Oregon College of Education is also exploring ways of developing a program called "business careers for liberal arts students," mostly in the form of internships in various businesses throughout the state—in banks, corporations, newspapers, and the like. Such a program will require substantial resources and it is not possible to know what will come of this exploration. The models are many in the United States. Antioch College is one. And there are a number of other cooperative career programs developing.

President Leinwand said that Oregon College of Education is also putting increased resources into a placement program to place its non-teaching (liberal arts) students.
Oregon College of Education, he said, is faced with very difficult problems growing out of the fact that two of its principal programs--teacher education and liberal arts--are declining, relatively, in enrollments, while business administration--a program Oregon College of Education does not have, is everywhere increasing rapidly in enrollments.

The Committee recommended that the Board approve the staff recommendations as presented.

Board Discussion and Action

In commenting on the possibility of a future request from Oregon College of Education for a program in business education, Mr. Batiste suggested that diversity might be advantageous in terms of long-range planning.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Feves, Harms, Ingalls, Moore, Thorp, Wyss, and Perry. Those voting no: None.

(Considered by Committee on Finance, Administration, and Physical Plant, December 15, 1978; present--Ingalls, Ater, Batiste, Moore, and Perry.)

Mr. Nahum Chandler, Chairman of the Oregon Student Lobby, was present for the purpose of discussing tuition issues, particularly tuition based on the percentage cost of instruction. He was accompanied by student body presidents from the University of Oregon and Oregon State University. Mr. Chandler reviewed previous discussions of tuition based on a percentage of the cost of instruction. He said the percentage approach was designed primarily to satisfy revenue concerns without regard to other objectives of the State System with respect to tuition policy, such as economic access to higher education, enrollment management, and minority participation.

The percentage share approach mandates an increase in tuition without considering comparative analysis of alternative sources of revenue. It ties the cost of tuition to an increase in faculty compensation, because 70 to 80% of the cost of instruction is faculty compensation. The percentage assigned to students is based on political factors rather than logic, Mr. Chandler said.

In conclusion, Mr. Chandler said the Oregon Student Lobby requested that a recommendation be presented to the full Board to go on record as opposing the percentage share formula as the basis for setting tuition levels and direct the Chancellor to inform the Governor and the Legislature of this view.

Mr. Chandler said action had been postponed previously, pending the outcome of the tax measures in the election and discussion at the tuition symposium on November 18. He said the proposal now for the 1979-1981 biennium is to hold tuition levels to the 1977-1979 levels and that the decrease in tuition be offset by an appropriation from the state General Fund. For subsequent biennia, other factors should be identified and tuition determined on the basis of these factors as well. These include maximum access to higher education, financial aid programs, enrollment management objectives, comparative tuition information, and others.

Mr. Batiste asked what conclusions had been reached at the tuition symposium. Mr. Chandler responded that presentations made at the symposium indicated that tuition was a pivotal point upon which access to higher education is determined and that Oregon traditionally has been a low tuition state and is starting to reverse that trend. It was stated further that some consideration should be given to maximum access and other general objectives.
Mr. Ater said there are two issues in tuition levels—the total number of dollars that must be raised by tuition and the design of the tuition policy to raise that amount of money. Both questions are of concern because they impact each other. He said the percentage approach may not be discarded easily but it was not a logical method of determining tuition design. The design issues involve many considerations which have been identified at previous meetings and reflect the revenue requirement as well. For example, if the intention is to have open access to all students, perhaps an overall low tuition requirement is a means of implementing that policy. Mr. Ater said the Board should reach a position on the design issues and have it available for the Legislature. The policy decisions should be determined free of any preconceived notion as to the percentages that should be raised in any way. He moved that the following statement be recommended to the Board for adoption:

The Board's defense of its existing policy of opposition to fixed percentages must be the pragmatic conclusion that the instruction fees should be determined only after thorough consideration of the available state resources and the social implications of particular tuition recommendations. Although nominal percentages may be justified for fiscal planning purposes, the Board can logically insist that none of the participants in the budget decision-making process should be bound by such percentages. The percentages themselves are merely a numerical means of expressing a political conclusion. The focus of any discussion of instruction fees must be on their social impact, not on abstract numbers.

Mr. Perry inquired concerning discussion with the Oregon Educational Coordinating Commission on the pros and cons and the implications of the variable tuition structure. The Chancellor said he had discussed this with the Commission on a number of occasions and had opposed tying tuition to percentages. The Chancellor said he had been unsuccessful in persuading the Commission that the approach described by Mr. Ater was a more logical one and the introduction of the percentage approach was largely a consequence of the view of the Coordinating Commission.

In explaining the proposed recommendation to the Board, Mr. Ater indicated his motion was a statement of a desire to have the Legislature and the Oregon Educational Coordinating Commission recognize the flexibility that the Board should have to consider all factors in determining tuition policies. The motion was not intended to include a freeze on tuition at the present levels.

In response to a question, Mr. Holmer said that the statement recommended for approval by Mr. Ater in his motion represented Mr. Holmer's personal view and he concurred in recommending it to the Committee and the Board. It was indicated that if the statement were approved by the full Board, it would represent a policy for discussions with Legislative groups and also with Governor-elect Atiyeh.

Mr. Moore said approval of the statement placed a responsibility on the Board to investigate and seek an alternative to the percentage approach.

Mr. Ingalls expressed appreciation to the representatives of the Oregon Student Lobby and said the Board would expect the full support of that organization in presentations to the Legislature. Mr. Ater commended the Oregon Student Lobby for generating public discussion of the fundamental question of tuition philosophies.
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The Committee recommended that the Board approve the policy statement in accordance with the motion by Mr. Ater.

Board Discussion and Action

Ms. Molly Smith from the Oregon Student Lobby said that organization had agreed to the policy statement recommended for approval.

Mrs. Carpenter said it was important that the Legislature recognize that the function of setting tuition is a very specialized judgment involving many factors. There should be flexibility in the guidelines used and the function of setting tuitions should be a Board responsibility.

Mr. Harms commented that apparently there has been some discussion by the Oregon Educational Coordinating Commission of the possibility of varying tuition at some of the institutions where there is a problem in maintaining upper-division enrollment.

Dr. T. K. Olson, Executive Director of the Commission, said there had been discussions with the Chancellor concerning the possibility of altering tuition rates at the colleges which have a particular problem with an imbalance of students at the lower-division and upper-division levels. The two institutions specified in the discussions were Southern Oregon State College and Eastern Oregon State College. Oregon College of Education was not included because it does not have an imbalance of upper-division and lower-division nor the same problem in terms of inefficiencies arising out of the imbalance. In addition, Oregon College of Education is in a community college district.

Dr. Olson said the examination led to a suggestion that not all tuitions at each of the institutions must be set at a fixed percentage of the cost of instruction but that undergraduate tuition should be fixed at a percentage of the cost of instruction for the State System. However, tuition could be varied from institution to institution to meet other sound educational objectives. The same could be true for graduate students, particularly residents. It was indicated that the Legislature had approved an exception for out-of-state students at Eastern Oregon State College.

Dr. Olson said he was interested in determining whether the Board was receptive to a policy of changing the tuition rate to meet other flexible and educational objectives at the regional colleges before the matter was pursued further. If the Board were interested, Dr. Olson indicated he would approach the community colleges and independent colleges to inquire whether a substantial reduction in tuition at Southern Oregon State College and Eastern Oregon State College would be acceptable. The reduction in tuition to accomplish the shift would probably be about $200 per year less than the current amount.

In response to a question from Mrs. Feves concerning the source of replacement funds for the loss of tuition at the colleges, Dr. Olson said there were only two possibilities. The first would be to obtain an increase in the percentage of the share paid by the state. The other alternative is for the universities to pick up the difference for their lost tuition at the colleges. Neither proposal has received enthusiastic acceptance. Dr. Olson explained the second alternative further. Students at the universities would pay a larger tuition than they otherwise would pay in order to make up the difference for the lower tuition that the students at the regional colleges would pay. He said some preliminary discussions with the Chancellor had indicated the increase would not be great.

Mr. Wyss said it would be difficult to give the Commission any reaction to the proposal without further information and investigation of the topic.

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