President Harms called the adjourned session of the regular State Board of Higher Education meeting of May 29, 1981, to order at 1:00 P.M., P.D.T., on June 26, 1981. The following answered present:

Mr. Lester E. Anderson
Mr. Alvin R. Batiste
Mrs. Jane H. Carpenter
Mr. Robert G. Ingalls
Mr. David M. Lomnicki
Mr. James C. Petersen
Ms. Elizabeth Warner-Yasuda
Mr. Edward C. Harms, Jr.

Absent: Mr. John Elorriaga and Mr. Loren L. Wyss were absent for business reasons.

In addition to the above, Mrs. Harriett J. Flanagan and Mr. Marion T. Weatherford, newly-appointed Board members, were in attendance.

The Chancellor reported that the Subcommittee of the Ways and Means Committee had approved a budget which was quite similar to the Governor's recommendation. This budget was filed with the full committee in the full knowledge that no action would be taken until the revenue picture had been clarified. An important element in the budget report is that higher education would receive a one-year budget and would be required to seek approval of the 1982-83 budget from a Special Session of the Legislature or from the Emergency Board in the summer of 1982.

The Chancellor referred to the state support withdrawn in budget report item 5 from intercollegiate athletics programs in state universities and colleges in the amount of $611,753. The universities have been instructed not to budget any General Fund money for intercollegiate athletics, but a decision has been deferred with respect to the colleges because of the severe impact a similar judgment would have for those institutions.

The reduction in state support for campus radio stations has been modified from $200,000 to $50,000 and the stations have been asked to absorb that amount.

It was indicated that the first 15 items on the budget report represented an amount close to the 3% cut that was a virtual certainty due to the reduced revenue estimates. It appears likely that any reduction much beyond the 3% level would require that some or all of the institutions would find it necessary, in order to comply with the rules on termination, to declare financial exigency in order to terminate the people to reduce programs. To some extent this may depend on the amount of flexibility allowed in taking these cuts. The Chancellor stated that there is fairly general legislative support for restoring items 21 and 22 on the cut list.

Two special fee items will be presented in connection with the proposal for tuition and fees to provide $50,000 in matching funds for any dollars raised through a special fee for the Law School. A similar proposal has been made for the School of Nursing. The Budget Note included a reference to the fact that it is acceptable for discrete schools to establish special fees and limit the use of the money to that particular school. This is contrary to the general fee policy in which the instructional fee is commingled, but this practice has been followed in the Law School for several years to provide much-needed assistance.

The Chancellor then reviewed the tuition policy built into the Budget Notes, particularly the reference to the foreign student fee remission program.

It will be necessary for the Board's staff and the institutions to initiate immediately full program reviews regarding proposals for reductions in programs and staff levels and student enrollments for 1982-83. The Chancellor presented a timetable for accomplishing this review by the deadline of March 15, 1982. The program cuts to be recommended now would be actual program cuts. The Chancellor noted that even if the Governor's budget were funded, cuts would be necessary because the Governor's budget would
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restore only about half of the Special Session cuts. In addition, there were things not included in the Governor's budget and the additional 3% reduction due to reduced income estimates. The Chancellor said he would anticipate a series of reductions in the fall of 1982 and an additional series in the fall of 1983.

The Chancellor requested Mr. Lemman to review a problem facing the Teaching Research Division. Mr. Lemman indicated that the Administrative Rules of the Board require that prior to any program reduction involving a tenured faculty member, or prior to the declaration of financial exigency, an institutional head or director of a unit in Centralized Activities is required to consult with the Board. The Teaching Research Division had its budget reduced substantially in the 1979 Legislative Session so that its General Fund appropriation this year is approximately $185,000. It is now possible to fund from that source only the salary of the director and the business office staff and 40% of the salary of the department heads. The remaining salaries for the department heads and the salaries of all other persons in the organization are paid from grants which fund the projects on which they are employed. At least one tenured professor for whom there are no funds in the General Fund appropriation, may not be able to be financed through grant activities. In order to stay within the appropriation, it will be necessary for the program at the Teaching Research Division to be reduced. There are in addition to the reductions applied in 1979, further funding reductions included in the recommendations of the Ways and Means Subcommittee for 1981-1983.

Mr. Lemman said that the Director of the Teaching Research Division, Dr. Victor Baldwin, and other staff members were present to answer questions from the Board to fulfill the requirements of consulting with the Board prior to engaging in the program reduction involving any tenured faculty.

Dr. Baldwin commented that he had very little flexibility left in managing the budget because of the reductions. The staff member concerned would be informed by letter, that after the one-year notice period beginning July 1, 1981, the individual would be funded only to the extent that grants and contracts were available to cover the salary.

The Chancellor stated that a report had been distributed by Oregon Tax Research comparing enrollment in higher education and population in other state agencies with the employment in various groups. As a result of sharp increases in gifts and grants with accompanying increases in employment, the figures tend to show a fairly steady enrollment with a fairly sharp increase in employment. However, the additional staff was largely unrelated to Education and General Services. Oregon Tax Research subsequently reissued the report limiting it to Education and General Services, but it still included a number of unusual elements in the calculations. Consequently, the Oregon Educational Coordinating Commission prepared a report on the assumption that the most meaningful comparison with enrollment was the actual number of teaching faculty. This analysis showed an increase in the faculty workload of 7% in the period 1967-1979. Using similar methodology, but going back to 1961, the Board's Office analysis revealed a workload increase of 21.5%.

The Chancellor expressed his appreciation to the Educational Coordinating Commission for its quick response to the statements in the Oregon Tax Research report. Copies of the two documents were made available to the Board.

The Chancellor reported that there had been no action on salary adjustments and none was expected until very late in the legislative session. There has been no modification of the salary position in the Governor's budget.

The Chancellor asked Mr. Hunderup to report on hearings related to capital construction. Mr. Hunderup said that hearings had been held and they would continue. At the request of Dr. Howard Cherry, Chairman of the Capital Construction Subcommittee of the Joint Committee on Ways and Means, nine or ten items of the Board's approved priority list for Education and General Fund had been reviewed. He also described the projects for auxiliary enterprises. No decisions have been made as yet.
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Organization, Structure, and Operation of the Northwest Environmental Law Clinic, School of Law, UO

June 26, 1981

Mr. Harms said it had been agreed previously that the Board would consider the matter of the organization, structure, and operation of the Northwest Environmental Law Clinic at the University of Oregon Law School. A report was requested at the May Board meeting from President Olum and this has been provided to the Board members. Board members also have received numerous letters from individuals concerning this subject. Mr. Harms indicated that Board members had received these materials and had read them. He asked that testimony be confined to additions to the written material submitted.

The following individuals testified against the present operation of the Northwest Environmental Law Clinic:

Dr. Wilson Hulley, Executive Director of the Foundation for Oregon Research and Education.

Mr. John Runft, an attorney from Boise, Idaho, representing Evergreen Forest Products of Idaho.

Mr. Bradley K. Witt, Researcher with Western Council of Lumber Production and Industrial Workers.

Mr. Jack Bolling, representing the Southern Oregon Resources Alliance.

Mr. Louis Hoffman, a Eugene attorney representing Mr. Aaron Jones.

Mr. Jonathan Sleeter, representing the Northwest Food Processors Association and the Oregon Cattlemen's Association.

The testimony presented by these individuals included the following points:

1. The relationship between the Pacific Northwest Resources Clinic and the National Wildlife Federation is inappropriate and should be terminated.

2. There should be a complete audit of the operation.

3. The funds provided for the program by the National Wildlife Federation are not controlled by the University, which is inappropriate.

4. The clinic was indeed a part of the University when it should have been kept in an arm's-length relationship.

5. In return for funding of the clinic, the University in effect became a litigating arm of the National Wildlife Federation to its local affiliates.

6. Academic freedom is essential but it is assured by keeping the institution neutral.

7. The University is seen by the community as attacking the lumber industry.

President Olum's letter addressed to President Harms, with copies to members of the Board and the Chancellor, set forth his position with respect to the environmental law program at the University of Oregon. The letter appears below, and a copy, together with the supporting materials, is on file in the Board's Office:

You requested earlier that I comment at the June meeting of the State Board of Higher Education on the material received by the Board concerning the environmental law program at the University of Oregon School of Law. In order to avoid burdening you and the members of the Board with an excessive amount of paper, I will discuss in this letter what seems to me to be the essence of the issue, and then provide a number of attachments which will contain a good deal more in the way of detail.
There are two major principles at stake. The first of these is that decisions about programs in the University should be made by the faculty and administration of the institution entirely in terms of their judgment of the best academic interests of the students. These judgments should not be beholden to the desires of outside groups, other than (where necessary) appropriate approval from the Chancellor and the Board, although we are always ready to listen to suggestions and advice from any quarter.

In these terms, our faculty has decided that a strong program in environmental law is an important one for the University of Oregon and that clinical, "hands-on" experience is an essential part of such training. We would therefore resist vigorously any effort to dismantle or render ineffective our clinically oriented teaching program in environmental law.

A second important principle is that the University, as an institutional body, should not take positions on matters of public policy, or on matters before the Legislature or the Congress or the Courts, except where the University's own specific interests are at stake. The reason is a very simple one: it is fundamental that the University be a place of completely free discourse, open to all expressions of individual judgment and opinion, and the taking of a fixed institutional position on these matters would be chilling to such freedom of expression. Even beyond this, a university ought to act in such a way as to avoid even the appearance, to reasonable and fair-minded people, of compromising this basic principle of institutional neutrality and independence.

I believe that in the creation of the University's program in environmental law, and in the arrangements made with the National Wildlife Federation with respect to the provision of clinical experience for students, there has been no intent to violate either of these principles. Nonetheless, the specific nature of the arrangement with the Federation (see attachment), the kind of language that occurred in a number of informal communications, and the use of a certain letterhead or signature block all gave rise in the minds of some people to the appearance that the University might be involved in taking positions on matters of public policy.

To avoid any such appearance, a new agreement has been drawn. In this agreement it is recognized that the Environmental Law Clinic is the name of a Law School course which is entirely under the jurisdiction of the faculty of the School and in which the National Wildlife Federation plays no part at all. On the other hand, the Pacific Northwest Resources Center is solely under the jurisdiction and the funding of the National Wildlife Federation and its director is an employee of the Federation. The Center will continue such activity in legal cases concerned with the environment as it deems appropriate, and the Law School and its Environmental Law Clinic will play no part, as an institutional body, in such cases. Students from the Environmental Law Clinic may seek internships with the Center, or with the Justice Department, the Forest Service, private corporations, or indeed any satisfactory setting in which, in the opinion of the faculty and the students themselves, they can receive appropriate clinical experience.

The details of this agreement are set forth in the attached document from Dean Derrick Bell. In our opinion it achieves a readily demonstrable separation of the Law School and its clinical course from the Center operated by the National Wildlife Federation. The assignment of students as interns for the acquiring of clinical experience to various outside agencies has a long-standing academic tradition behind it, and it in no way commits the institution to the support of any public policy position held by the agency.
There is one troublesome issue remaining. The original agreement, which runs to December 31, 1981, provided for the housing of the Pacific Northwest Resources Center in the Law School Building. We feel that there is at least a moral obligation to permit them to remain there until this coming December 31. To preserve the separation described earlier, the Center will pay rent for its quarters, but will not be permitted to use the name of the School of Law on its stationery. Since it is customary practice to pay outside agencies or individuals for the clinical supervision they provide for our students (e.g., as in practice teaching in the College of Education), we will in turn pay the Center for this supervision.

This leaves the question of the location of the Pacific Northwest Resources Center after December 31. A good argument can be made for permitting them to continue to occupy space in the Law School building, on a rental basis, after that time. Those familiar with clinical training in law make a strong case for the advantages of an in-house location for such a training center. On the other hand, even granting the virtues of this argument, it is clear that so long as the Pacific Northwest Resources Center is located in our School of Law there will be those who will insist that its presence conveys the appearance of involvement by the Law School, and hence the University, in the policies and positions of the Center.

My own feeling is that the disadvantages of a nearby off-campus location for the Center are probably less significant than the risks inherent in a widespread public belief that the presence of the Center in the Law School building does indeed compromise our institutional neutrality and independence. As a result, I am prepared to propose that after December 31 the Center move to such an off-campus location. But I could not simply take such an action unilaterally without giving the administration, faculty and students at the Law School an opportunity to discuss it and to present their own views. Consequently, I plan to raise the matter with them during Fall term, well in advance of the December 31 deadline, presumably by October or early November.

I believe that the actions I have described will not in any way lower the quality or effectiveness of our clinical training program in environmental law and they should, beyond any doubt, establish the University's strict neutrality in the policy matters involved. They will surely not satisfy those who wish to see the program terminated or significantly weakened, but that is, of course, not our intent.

If there are further questions on this matter, I will be happy to respond to them.

Enclosures included with President Olum's letter are listed below.

1. Document dated August 25, 1980, setting forth the original arrangement of the School of Law with the National Wildlife Federation.

2. Revised agreement dated June 9, 1981, between the School of Law and the National Wildlife Federation.

3. Detailed response by Assistant to the President for Legal Affairs, Peter Swan, to the points raised in the letter of Mr. Aaron Jones to President Harms dated May 27, 1981.


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President Olum reviewed the instructional program in environmental law. In response to questions, President Olum stated that it would be possible by mutual agreement to terminate the present arrangements earlier than the proposed date. He also said there is nothing in the proposed agreement to preclude faculty in the Northwest Resources Center from acting as adjunct professors in the Law School.

Other existing law clinics were described. It was noted that there are procedures for establishing these relationships, but that in this instance, the arrangements were made too casually. With respect to the relationship for the services of Mr. Terence Thatcher with the Law School, it was indicated that he had an adjunct assistant professor appointment as do others performing similar duties, except that he is located on the campus. Dean Derrick Bell of the Law School stated that this made him a more valuable member of the adjunct faculty and he would prefer to have the others located in closer proximity to the Law School.

Mr. Lomnicki asked whether the activities of the environmental law program would be curtailed or altered when the Northwest Resources Center moves off campus. Dean Bell responded that the program would be less effective perhaps. He noted that the University of Oregon has a national reputation, in part because of its offerings in the environmental and natural resources areas. Mr. Lomnicki suggested that it would be difficult perhaps to have a meaningful environmental law clinic without involvement in issues because the nature of such a program is one of controversy based on the issues at hand.

President Olum said the proposed agreement would achieve the desired separation without in any way inhibiting the participation of students in the program.

Mr. Harms moved that the Board accept President Olum's report of June 15, 1981; that it urge consideration of physical separation of the center from the Law School; and that the Chancellor's Office be requested to review existing criteria and policy, in view of the evidence introduced, and report back to the Board, with the thought of perhaps strengthening and improving the criteria or if the criteria do not require modification, that the procedures applicable in following the criteria would be strengthened and improved.

Mr. Anderson cited a reference in the Administrative Rules, under Academic Freedom, Political Activities, which states, "No employee shall take action which might be construed as committing the institution or the Board to a position on public issues." He suggested this should be a guiding principle in establishment or review of any policy.

The Board approved the motion by Mr. Harms, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

Amendment of Transcript Fee in 1980-81 Academic Year Fee Book

(Considered by Committee on Finance, Administration, and Physical Plant, June 26, 1981; present--Ingalls, Batiste, Lomnicki, and Harms.)

Staff Recommendation to the Committee

It was recommended that the Board amend OAR 580-40-040 and the Academic Year Fee Book incorporated therein by reference. The amendment is to increase from $3 to $5 the charge for the first copy of an official transcript ordered by a student, effective July 1, 1981. The Board has statutory authority under ORS 351.070 to set tuition and fees. It is further recommended that the Board make a finding that failure to adopt this change in transcript fee will prejudice the public interest in that the income to be derived from the increase is anticipated in the budget recommendations which have been adopted by the Ways and Means Committee of the 1981 Legislative Assembly.
To generate the resources necessary to support expenditures, fee revisions need to be implemented on the schedule anticipated in the legislative plan. It is intended that the $5 transcript fee be adopted as a permanent rule by action of the Board after public hearing when the Board adopts the Academic Year Fee Book for 1981-82.

Discussion and Recommendation by the Committee

The Committee recommended that the Board approve the staff recommendation as presented and adopt the amendment on roll call vote.

Board Discussion and Action

The Board approved the recommendation as presented and adopted the amendment on roll call vote, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting No: None.

Southern Oregon State College is proposing to contract with the American Language Academy, a Washington, D. C. corporation, for the establishment of a program of intensive English language instruction on the Southern Oregon State campus. The program, which would be similar to the non-credit, self-support English language institutes conducted by Oregon State University and the University of Oregon, would offer instruction for non-English speaking students, usually foreign nationals, seeking to improve their English proficiency prior to enrollment in an American college or university.

Financial implications of the proposed contract are being reviewed by the Committee on Finance, Administration, and Physical Plant.

Staff Recommendation to the Committee

The Board's staff recommended that the Board authorize its staff and the staff of Southern Oregon State College to proceed with negotiations for the establishment of the proposed program.

Discussion and Recommendation by the Committee

Dr. Ernest Ettlich, Dean of Academic Affairs at Southern Oregon State College, indicated that he saw no disadvantages to Southern Oregon State College in the program and very significant advantages. The American Language Academy selects and distributes the students to the campuses with which the Academy has contracts. Small campuses are preferred because the cultural integration can take place more easily. He said the curriculum is excellent and he described it briefly.

It was indicated also that Dr. Richard Perry and officials at Southern Oregon State College had investigated the Academy very carefully and were satisfied that it was a substantial, well-organized group with a very good reputation.

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

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

Staff Report to the Committee

The Southern Oregon State College request is found on pp. 358-359 of these minutes.
Under the proposed contract, Southern Oregon State College would provide instructional space, dormitory housing, and specified student services for the institute. Southern Oregon would receive suitable compensation for these facilities and services and the educational benefits to its students of having international students and an exemplary program of instruction in English as a second language on its campus.

Students enrolled in the institute would participate in activities of the campus, but, except as they might become individually admitted to and enrolled in the regular Southern Oregon programs of study, would not be counted as part of the Southern Oregon State College enrollment.

Since assignment of students to the SOSC program will be made by the American Language Academy from its Washington, D.C., headquarters, the Board's staff does not believe establishment of the institute will affect enrollment in the institutes conducted by Oregon State University and the University of Oregon.

Southern Oregon State College has sufficient instructional and housing space to accommodate the approximately 100 students who will be enrolled in the institute program each term. Approximately 50-60 of these students are expected to wish dormitory accommodations. To the extent this occurs, the students will replace the 100 National Young Adult Conservation Corps members who have been housed on campus since 1978 under contract with the Bureau of Land Management. The NYACC program is being terminated.

Proposal for the Initiation of a New Program of Intensive Language Instruction for Non-English Speakers by Contract with an Outside Agency

Description of Proposed Program

1. Definition of Academic Area

The intensive English language institute will train foreign nationals to a proficiency enabling successful completion of course work in American colleges. In addition, the institute will provide an introduction to the study skills and an orientation to the academic practices exiomatic to an American educational experience at the collegiate level. Admission to the institute will be separate from admission to the regular instructional programs of Southern Oregon State College; students within the institute may apply for admission to the programs of Southern Oregon State College upon reaching a designated level of competence in written, oral, and listening skills in English.

2. Department, School, or College Responsible

The College proposes to contract with a private organization to supply these services. Discussions have been held with two such organizations and a contract has been drawn with the preferred one, The American Language Academy. The ALA currently conducts seven institutes on the campuses of accredited state and private colleges and three institutes on the campuses of private preparatory schools, the ten enrolling a total of more than 3,000 foreign nationals. In addition to the extensive instructional program, ALA sponsors research on the teaching of English as a second language.

3. Objectives of the Program

A. The primary objective of the institute will be to prepare foreign nationals who are not native speakers of English to take college-level instruction in English.
B. The objectives of the College in seeking such a program have been:

(1) To provide an intensive English language program for foreign students participating in SOSC exchange programs when those students need further training in English to take courses successfully.

(2) To broaden the cultural mix within the student body through integrating a majority of the ALA students into the SOSC housing and student programs.

(3) To provide laboratory experience for SOSC students taking course work in teaching English as a second language.

Need

Southern Oregon State College has long recognized that its location offers both great advantages and disadvantages. One of those disadvantages is significant separation by distance from other four-year colleges. The closest four-year institution with a general purpose mission is the University of Oregon, some 175 miles to the north. In an area 200 miles square—an area larger than many states—Southern is the only general purpose college offering baccalaureate and graduate work.

The region is not only large but quite uniform culturally, as is most of Oregon. Thus, the presence on campus of students from outside the region is vital to a first quality learning environment which must always include diversity. For a number of years, the faculty and administration of the College have encouraged the growth of the foreign student population, especially through exchange agreements.

As foreign students came to the campus, however, the faculty was confronted with the need for English language instruction of a type not normally included in our curriculum: that for the non-English speaker. By 1979, that need had become acute; Professor Allis Bens, a nationally recognized expert on English as a second language, was invited to the campus as a consultant. She met with a faculty committee, making many valuable observations and recommendations, not the least being the conspicuous need for an intensive English language institute on campus.

For the next year, the faculty committee visited numerous institutes in Oregon and the West, exploring possible means of implementation. Finally, the committee concluded that at Southern Oregon the best solution was a contract with an established private organization, since that approach would result in a mature program most quickly. The next year was spent evaluating potential contractors.

Resources

The College will receive a portion of the instructional fees collected by the ALA as well as payment equivalent to the incidental fee and building fee. In return, the College will provide space and telephone service. ALA will provide all staff, equipment, curricular materials, and other resources required. In addition, approximately 50-60 percent of the ALA students will reside in SOSC housing, or between 50 and 60 students. In addition to the normal board and room payments, the incident fee and the building fee, the College will receive approximately $335 per student per year, or about $33,500 assuming an average institute size of 100 students.

Request

Southern Oregon State College requests that the Board approve implementation of the program and authorize the College administration and Board's Office to proceed with contract implementation.
(Considered by Committee on Finance, Administration, and Physical Plant, June 26, 1981; present--Ingalls, Batiste, Lomnicki, and Harms.)

Staff Recommendation to the Committee

It was recommended that the Committee confirm the staff intention to enter into a lease and service agreement between the Board on behalf of Southern Oregon State College and the American Language Academy.

Discussion and Recommendation by the Committee

The Committee discussed the general provisions of the agreement. Mr. Ingalls said he had no objection to the concept but he was concerned about the legality of leasing state property for private enterprise.

Mr. Lemman said the proposed contract had been reviewed by legal counsel and that question had not been raised. He pointed out that the Board does have statutory authority to lease property, both as lessor and lessee. It is the staff's view that there is no problem as long as the proposed activity is related reasonably to the educational mission of the institution. There are presently leases for private enterprise activities for services in student unions and residence halls.

Mr. Batiste said there was a substantial policy issue in the proposal because it involved delivery of educational services.

Mr. Ingalls directed that Committee action be deferred until a copy of the policy statement authorized activities of this nature could be obtained for Committee or Board consideration. These policy statements were available during Board consideration of the lease later in the meeting.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

Staff Report to the Committee

Upon the recommendation of Southern Oregon State College officials and the Acting Vice Chancellor for Academic Affairs, the Board's Contract Officer has been negotiating a lease through Southern Oregon State College officials with the American Language Academy (ALA), a private corporation, for the use of instructional, recreational, and residence hall space and related services on the Southern Oregon State College campus. Under the program, ALA will train non-English speaking students in the English language to a proficiency level sufficient to enable them to enroll for regular coursework at United States colleges and universities. By mixing these students with the mainstream of campus students, ALA has determined that its students also obtain orientation to study skills and academic procedures axiomatic to a U.S. educational experience. ALA offers similar programs on other campuses outside of Oregon.

Under the provisions of the proposed lease and service agreement; Southern Oregon State College would assign to ALA the use of classroom, office, active storage space, and furnishings compatible with SOSC classes and scheduling requirements. In addition, SOSC would make available to the ALA students' room, board, and other residence support services and privileges such as the student union, recreational, and other social programs.

ALA students would obtain access to such services and privileges by means of a student identification card which would be issued each student for whom ALA has paid the contracted rental and service fees.
For the required space and the service privileges, ALA would pay the College in accordance with the following schedule:

1. 5.5% of the ALA 10-week intensive course tuition amounting to $980 for each of the first 50 students enrolled. This fee would be effective through December 31, 1981.

2. 7.5% of such tuition for each of the next 25 enrollees.

3. 9.0% of such tuition for all enrollees in excess of 75. Rental income paid SOSC would be deposited in the appropriate institution accounts.

4. $60 student activity fee per enrolled ALA student for each 10-week ALA academic term through Summer 1982. This fee is comparable to the combined building and incidental fees paid by regularly enrolled SOSC students. The amount of this student activity fee would be negotiated annually thereafter. Income received from this source by SOSC would be deposited in appropriate amounts to the building fee and incidental fee accounts.

5. Room and board fees corresponding to the College's then current rates charged SOSC students for equivalent periods of time.

All applicable fees would be payable by ALA to the SOSC Business Office within the first 14 days of each ALA academic session. It is anticipated that ALA would operate five 10-week sessions each year.

ALA would maintain fire, theft, and casualty insurance coverage on all of its personal property, and would be responsible for all damage to SOSC's property caused by any negligent or willful wrongful acts of ALA, its employees, agents, or students. ALA would also be responsible for requiring all of its students to be covered by medical insurance satisfactory in form and amount to the College. ALA would provide the College with certificates of required insurance.

Southern Oregon State College, ALA, and Board's staff are currently discussing on- or off-campus health care arrangements for ALA students.

The initial term of the lease and service agreement would be from July 1, 1981, through December 31, 1985. Contract provisions would enable the parties to extend the agreement, following negotiation, for three successive terms of three years each.

The agreement would be reviewed and approved by the Board's legal counsel prior to execution by the Board's Contract Officer and Southern Oregon State College.

Authorization to Expender Funds, 1981-82

It was recommended that the Board authorize the institutions and divisions of the Department of Higher Education to incur obligations and disburse funds for the fiscal year beginning July 1, 1981, at the annual level last authorized by the Board or the annual level recommended for 1981-82 by the Ways and Means Committee, whichever is the lesser. This recommended authorization is to extend until rescinded or until the Board adopts an operating budget for the Department for the 1981-82 fiscal year, whichever occurs earlier.

It was further recommended that the Department be authorized to pay classified and unclassified staff at the rates authorized by compensation plans in effect in June 1981.

These rates are to continue until new compensation plans are approved.

Necessary exceptions to these policies may be approved by the Chancellor.
Salary Adjustments, UOHSC House Staff, 1981-82

June 26, 1981

Board Discussion and Action

The Board approved the staff recommendations, with the provision that exceptions would be approved by the Executive Committee of the Board rather than by the Chancellor. The following voted in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

(Considered by Committee on Finance, Administration, and Physical Plant, June 26, 1981; present--Ingalls, Batiste, Lomnicki, and Harms.)

Staff Recommendation to the Committee

It was recommended that the 1981-82 salaries be approved in accordance with the schedule set forth below.

Discussion and Recommendation by the Committee

In response to a question concerning the need to implement this increase prior to legislative action on other salary increases, it was stated that the hospital cost accounting would be facilitated in terms of billings to Medicare and Medicaid and other third party payors if these salary adjustments were in place at the appropriate time. It also would facilitate the interchange of these people between the Portland area hospitals and the University Hospital.

If no appropriation is made, or the appropriation is less than necessary to finance the increases, the hospital can and will provide non-General Fund money for these people.

Dr. Donald Kassebaum, Director of the University Hospital, stated that the salaries for interns and residents are determined in relation to the policies established by the associated hospitals that inter-transfer interns and residents during the course of the year.

The total direct and indirect costs of house staff are included in the cost pool to be recovered through patient fees. In order to recover the full extent of those costs, according to the reimbursement system, it is necessary to include them in the cost pool at the beginning of the fiscal year. The community hospitals in the associated program intend to increase salaries by 9.1% on July 1, 1981. University Hospital is the appointing authority for the affiliated program. If the requested increases were not approved for July 1, 1981, it would require taking interns and residents on and off of the several hospital payroll systems and would result in many transactions.

Mr. Lemman explained the procedure for continuing to pay expenses and salaries pending legislative action on appropriations and salary levels. The recommended action would be consistent with this procedure.

Mr. Harms said he disagreed with the concern about setting this particular group of salaries prior to the determination of salary decisions generally because these people always have been treated differently. Their salaries are financed differently and are not part of the state compensation plan.

President Laster pointed out that the hospital is a distinctive enterprise in that it is virtually a free enterprise activity with income sources that have their own rules, timetables, and demands.

Mr. Batiste said it was still the Board's responsibility to agree to that salary schedule and that, in his opinion, it was premature.

The Committee recommended that the Board approve the staff recommendation as presented. Mr. Batiste voted no.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

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Staff Report to the Committee

Table 1 compares 1981-82 proposed house staff salaries with those actually paid for each postgraduate level in 1980-81. The composite increase of 9.1 percent is based upon an analysis of salaries paid by 14 western comparator university hospitals and the salary commitments made by the other Portland area hospitals. To the extent that this increase exceeds salary adjustments approved by the 1981 Legislative Assembly, non-General Fund hospital revenues will be used to make up the difference.

<table>
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<tr>
<th>Training Level</th>
<th>Percent at Each Level</th>
<th>1980-81 UOHSC</th>
<th>1981-82 UOHSC</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postgraduate 1</td>
<td>22%</td>
<td>$15,528</td>
<td>$16,770</td>
<td>8.0%</td>
</tr>
<tr>
<td>2</td>
<td>23</td>
<td>16,711</td>
<td>18,447</td>
<td>10.4</td>
</tr>
<tr>
<td>3</td>
<td>28</td>
<td>17,893</td>
<td>19,554</td>
<td>9.3</td>
</tr>
<tr>
<td>4</td>
<td>15</td>
<td>19,076</td>
<td>20,727</td>
<td>8.7</td>
</tr>
<tr>
<td>5</td>
<td>9</td>
<td>20,258</td>
<td>21,971</td>
<td>8.5</td>
</tr>
<tr>
<td>6</td>
<td>3</td>
<td>21,441</td>
<td>23,289</td>
<td>8.6</td>
</tr>
<tr>
<td>Average</td>
<td></td>
<td>$17,597</td>
<td>$19,192</td>
<td>9.1%</td>
</tr>
</tbody>
</table>

It should be noted that the proposed increase in salaries is less than amounts necessary to close the present gap between the Health Sciences Center and average salaries paid at 14 western comparator university hospitals. Average salaries of the comparator hospitals are displayed in Table 2. This table also shows the amount by which survey salaries exceed those currently paid and proposed to be paid by the Health Sciences Center. The salary gap is widening.

Table 2

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Postgraduate 1</td>
<td>$15,874</td>
<td>$346</td>
<td>$17,359</td>
<td>$589</td>
</tr>
<tr>
<td>2</td>
<td>17,502</td>
<td>791</td>
<td>19,142</td>
<td>695</td>
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<td>3</td>
<td>18,445</td>
<td>552</td>
<td>20,613</td>
<td>1,059</td>
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<tr>
<td>4</td>
<td>20,291</td>
<td>1,215</td>
<td>22,197</td>
<td>1,470</td>
</tr>
<tr>
<td>5</td>
<td>21,637</td>
<td>1,379</td>
<td>23,671</td>
<td>1,700</td>
</tr>
<tr>
<td>6</td>
<td>22,593</td>
<td>1,152</td>
<td>24,715</td>
<td>1,426</td>
</tr>
</tbody>
</table>

In 1980-81, the Health Sciences Center salary shortfall ranged from $346 to $1,379. In 1981-82, salaries are expected to range from $589 to $1,700 below those paid at comparator hospitals.
Meeting #477

Institutional Closure

(Considered by Committee of the Whole, June 26, 1981; present--Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms.)

The Board, at its May 29 meeting, instructed the Board's Office to prepare for the consideration of the Committee of the Whole a brief statement on the subject of institutional closure.

Closing an institution would produce traumatic consequences for the institution's students, alumni, and faculty and for the community in which the institution is located.

Furthermore, the dollar savings effected by closure would not be substantial unless enrollments at Oregon's other public colleges and universities were controlled to deny enrollment to an equivalent number of students.

In addition, the demographic data for Oregon suggest that in a few years, at least by 1990, enrollment pressures will show a significant increase. We will need all of the space we have.

Staff Recommendation to the Committee

For these reasons, the Board's staff recommended that, unless Oregon adopts a conscious policy to cut back sharply on the percentage of its population to be served by public four-year colleges and universities, the closure of an institution or institutions be rejected as a response to the current fiscal crisis.

A copy of the May 29 statement concerning institutional closure appears as Supplement B to these minutes.

Discussion and Recommendation by the Committee

Mr. Harms called attention to the statement indicating that at least by 1990 enrollment pressures will show a significant increase. He said that in light of recent statistics, that appeared to be conservative.

The Chancellor commented that admissions figures and admissions applications indicate that there will be no cutback in enrollment, unless this is done by denying admission. Apparently the tuition increase is not deterring a significant number of students.

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, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

Institutional Procedures For Faculty Input in Program Reduction or Elimination

(Considered by Committee of the Whole, June 26, 1981; present--Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms.)

Statements of institutional procedures for faculty participation in decisions leading to reduction or elimination of programs for five of the eight institutions of the System were presented for consideration and approval by the Board. Statements of procedures for the University of Oregon, the University of Oregon Health Sciences Center and Oregon Institute of Technology will be presented for consideration of the Board at a later meeting. They are included as Supplement C to these minutes.

It should be noted that these statements represent a structured manifestation of procedures traditionally followed by institutions of higher education in curricular development and review.
Moreover, OAR 580-21-315 specifically provides that institutional consideration of program or department reduction or elimination involving termination of tenured staff be made "pursuant to institutional procedures providing for faculty and other appropriate input."

The Board will note that two of the attached statements are internal documents developed at Oregon State University and Eastern Oregon State College. The remaining three statements are excerpts from collective bargaining agreements signed by the State of Oregon acting by and through the Board of Higher Education on behalf of Portland State University, Western Oregon State College, and Southern Oregon State College.

Staff Recommendation to the Committee

The Board's staff has examined the attached statements and believes they provide procedures for faculty involvement in considerations leading to reduction or elimination of curricular programs meeting requirements of the proposed Joint Ways and Means Committee budget note regarding such involvement. The staff recommended that the Board approve the statements as presented by the institutions.

Discussion and Recommendation by the Committee

Mrs. Carpenter noted that the Southern Oregon State College procedure never directly referred to consultation with the faculty. It was indicated that this statement was part of the collective bargaining agreement. Mr. Harms suggested that the president of the institution might be instructed to seek direct faculty input under the requirement to seek advice from a variety of sources.

Mr. Batiste asked whether the Board would be legally bound to use the institutional procedures for faculty input in program reduction or elimination if the missions of the institutions were changed. Mr. Lemman indicated that the intent of the statement in the bargaining contract was to say that if curriculum or programs change by virtue of a change in the mission, then the proper mechanism for faculty consideration is through the curriculum committees and the faculty senate, not through the collective bargaining agreement. The mechanism in the collective bargaining agreement deals with reductions in staff related to program changes caused by financial exigency or near-exigent conditions.

Mr. Batiste said he had no problem with the procedure once the Board decided affirmatively that it did not intend to review the mission statements. However, he said the determination of the missions and programs at all of the state institutions is one of the responsibilities of the Board.

Mr. Harms said he disagreed that the mission statements were related to the procedures presently under consideration. He said he questioned whether the Board was willing to review the missions prior to imposing procedures or whether it wanted to accept a procedure and then review the missions.

Mrs. Carpenter stated that she could not imagine making any possible reductions without considering them in the light of the missions of the institutions and the State System.

Mr. Batiste said the mission statements were made in more affluent times with relatively free access and that no longer may be the case.

Mr. Petersen commented that the procedures would assist the Board in obtaining faculty input and consultation to arrive at the mission decisions.
Meeting #477

June 26, 1981

The Committee recommended that the Board accept the institutional procedures, with the understanding that the Board requested the administration at Southern Oregon State College to seek specific faculty input as one of the variety of sources contributing to the decisions.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

ELECTION OF OFFICERS

Mr. Anderson, Chairman of the Nominating Committee, placed the following names in nomination to serve as Board officers for 1981-82:

President -- Mr. Edward C. Harms, Jr.
Vice President -- Mr. Robert C. Ingalls
Member of Executive Committee -- Mr. Loren L. Wyss

There being no further nominations, the Board approved a motion that the nominations be closed and the Secretary was instructed to cast a unanimous ballot for the slate of officers recommended by the nominating committee. The following voted in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

PRESIDENT'S REPORT

President Harms requested Mr. Lomnicki to read the following certificate of recognition honoring Ms. Elizabeth Warner-Yasuda:

Certificate of Recognition Honoring Elizabeth Warner-Yasuda

The members of the State Board of Higher Education extend a warm thank-you to Elizabeth Warner-Yasuda, who is completing her term on the Board this month.

In her two years of service, Elizabeth has blossomed into a valued member of the Board. From the start, the pre-law student at the University of Oregon demonstrated a strong desire to learn and a willingness to devote the time and effort in order to do so.

Elizabeth served as a member of the Board's Committee on Instruction, Research, and Public Service Programs. In both Committee and Board discussions, she showed that she could grasp complex issues and make sound judgments. Her abilities in these areas resulted in many contributions to the decision-making process.

Elizabeth's service to public higher education in Oregon is an extension of the broad interest that she has shown in academic and public affairs as a student. Her work among diverse groups in these areas is impressive.

Elizabeth's solid, all-around performance on the Board is another link in the growing chain of outstanding representation from State System students on the Board. The members want to compliment Elizabeth for her part in continuing this fine tradition. They also wish to thank her again for many pleasant associations, and for her contributions to the Board and to the State System of Higher Education.

The Board adopted the resolution with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, and Harms. Those voting no: None. Ms. Warner-Yasuda abstained.
President Harms then read the following certificate of recognition honoring Mrs. Edith Green:

Certificate of Recognition Honoring Edith Green

The members of the Board of Higher Education extend their warm appreciation to their esteemed colleague, Edith Green, who resigned from Board membership June 1st.

Edith brought to the Board rare and exceptional talents that will be missed in the days ahead. As a U.S. Congresswoman for 20 years until her retirement, she was the principal architect of -- and leading authority and spokesperson for -- much of the federal legislation pertaining to Higher Education.

She is recognized nationally as "Mrs. Education" -- a tribute to the profound impact that she has had on all of education. Her contributions are unmeasurable. Among others, she was:

--Author of the National Quality Education Act of 1972
--Author of Title IX -- the women's equity legislation which, she once said, she "bled and died for."

Edith has dedicated her life to improving Higher Education, working tirelessly and selflessly to achieve what she views as its chief purpose: "To train the doctors and scientists and engineers and others who are going to run the country 20 years from now."

We are certain she will continue to find new outlets for her creative energies, displaying the same keen perceptiveness of issues, tenacity to ideals, and concern for excellence that she brought to Board discussions.

The members of the Board express to Edith their best wishes and their thanks for her service. We have learned a valuable lesson from our association with her: She always demanded the best because she always gave her best.

The Board adopted the resolution with the following voting in favor: Directors Anderson, Batiste, Carpenter, Ingalls, Lomnicki, Petersen, Warner-Yasuda, and Harms. Those voting no: None.

Mr. Harms reported attendance at various legislative budget sessions and at meetings with representatives of the media in Portland and Eugene. He also reported that a summary of Board considerations at the May Board meeting had been provided to the Governor and that a letter had been sent to the Oregonian responding to the editorial in that paper which was discussed at the May 29, 1981, Board meeting.

The meeting was adjourned at 4:05 P.M. on June 26, 1981.

Edward C. Harms, Jr., President
Oregon State Board of Higher Education

Wilma L. Foster, Secretary
Oregon State Board of Higher Education
SUPPLEMENT A

PROBLEMS OF HIGHER EDUCATION
IN OREGON -- A RESPONSE

by

Edward C. Harms, Jr., President
Oregon State Board of Higher Education

May 29, 1981

The purpose of these remarks is to inform the State Board of Higher Education of what I perceive from my contacts with the legislature and its various committees to be the basic objections to the Governor's Higher Education budget, which has been characterized by the Governor and by this Board as a minimum level budget, and to make what I hope is a positive proposal concerning some basic changes in the system which may be necessitated by the present financial crisis.

Nothing said here is meant to impugn the motives of the legislators. I do not envy their very difficult job. Many of the concerns expressed by them individually and collectively reflect public concerns seen in editorials and elsewhere. I know also that they are as concerned and as interested as the Board is in educating Oregon students and in preserving and enhancing high quality higher education in Oregon.

Because of the money pressures and time constraints, however, they may not be in the best position to judge the direction that higher education should take in coping with what most authorities believe is a temporary economic situation. The solutions proposed, many of them at least, may well turn out to be permanent and in the long run neither economically nor educationally sound. I urge that decisions which may have the impact of "restructuring" higher education not be made based on short run economic conditions without it being clearly understood that many of the changes will be lasting and irretrievable.

I would like to identify what I believe to be assumptions being made by a number of legislators. Certainly I do not want to be understood as saying that these assumptions are universally held by all legislators, but at least most of these have been specifically identified by me in my contacts with legislative committees. These are:

(1) An assumption that the higher education budget is somehow "inflated."
(2) The assumption that the elimination of "waste" and undue administrative expense will enable higher education to serve the same numbers of students without a decline in quality.

(3) The assumption that elimination of "duplication" in programs at the several institutions and ceasing of expansion by all of the institutions will result in savings sufficient to allow the maintenance of quality without restricting access.

(4) The assumption that higher education has failed in the past to "restructure" its institutions and programs to meet some perceived public demand. The corollary of this is that the Chancellor's Office and the Board have failed to exercise "aggressive, up-front leadership" to accomplish the above.

(5) The assumption that the presidents are incapable or unwilling to make recommendations to the Board regarding their own institutions upon which the Board can make decisions regarding program reductions. This assumption seems to continue that the Board should make a "hit list" from which the legislature could then make decisions on which programs would be reduced or eliminated.

(6) The assumption that higher education can "do more with less."

(7) The unspoken assumption that, because of a decline in students graduating from high school and a statewide decline in the grade school population, this is also a period of declining enrollment in higher education. I would refer to this as the "overbuilt" assumption. I would like to deal briefly with each of these. These are, of course, my own observations which this Board is free to endorse or reject.

I would like to deal first with the assumptions that the budget is inflated, that the system is overbuilt, and that higher education can "do more with less," since I believe that the responses to these assumptions are interrelated.

I agree, it is a responsibility of the State Board of Higher Education to make every effort to do more with less. We can do little else if we hope to maintain quality in the system and if we wish, as all of us do, to obtain the best value for every dollar being spent for higher education in Oregon. I therefore believe the Board should pledge itself to review every course of action which might result in enhancing our ability to do more with less.

In doing this, however, certain circumstances must be clearly recognized.

First, in regard to the overbuilt assumption: Earlier enrollment projections showed that the system would peak in 1975-76 with about 51,000 students. Actual enrollment for that year was 50,652. It was projected to decline from that time until about 1990, at which time the enrollment was expected to again start slowly increasing. Projections in
1979 were that the 1980-81 enrollment would be 48,721. The dip in enrollment from the 1975-76 high was expected to last 10 years. It lasted 2. Actual enrollment for 1980-81 was 50,210, within 400 of the all time high for enrollment in the system on an FTE basis. The headcount of 65,500 for this year is certainly at an all time high by some 4,000 students. Preliminary admission figures suggest that another increase can be expected this fall in the absence of enrollment restrictions. The so-called "free flow" (including unfunded) FTE will be within 850 of the enrollment limits for all seven of the institutions engaged in general education. (See "The 1977-79 Biennium," a report to the state legislature published January 26, 1979, by the State System of Higher Education)

The system is not "overbuilt." The limits established some years ago total 52,700. We are now within 2,000 (less than 5%) of the enrollment limits for the seven institutions combined. The fact is that we are essentially at capacity for the system in both academic and living facilities. Only EOSC and WOSC have any real margins. Both older universities are right at or above enrollment limits now. I repeat, the system is not overbuilt and within two to four years may appear to be substantially underbuilt.

What has happened during this period of growth?

For fiscal 1977-79, the general fund budget for higher education was $312,000,000.00. The CPI was 172.4. (January, 1977) The Governor's general fund budget for Higher Education for 1981-83 is $395,500,000.00, an increase of 26.7% over 1977-79. The CPI is 266.4 (January, 1981) an increase of 54%. The Higher Education Price Index, of course, is not as high as the CPI, but it certainly has increased more than 27% (35%) and we are now educating 2,000 more students than in 1977-78, the first year of the biennium referred to above. We are educating additional students equal to an institution larger than EOSC and OIT, one almost as large as WOSC and one equal to half of a SOSC.

Meanwhile, the system has suffered a steadily declining share of the general fund. This has not been without impact.

The system's libraries have deteriorated.

Teaching equipment is out of date.

Faculty salaries have failed to keep up with competitive institutions, inflation, or even other state employees.

Faculty work load has climbed.

Buildings and grounds are inadequately maintained.

Evidence of all of the above is there for anyone to see. Certainly students, alumni who have been on the campuses, much of the public, faculties, administrators and members of this Board can all testify to existence of the above deficiencies.
Second, there is the problem of "waste." Unquestionably, there is some waste in any enterprise the size of the Oregon State System of Higher Education, but during a decade of underfunding, most of it is gone by the process of attrition, if nothing else. We have cut not only most of the fat, but a good deal of the lean. The same response can, I believe, be made with regard to excessive administrative expense. If it exists, complaints about that are not being forwarded to me; certainly we have not heard that from those connected with the institutions, and rarely from the public. Meanwhile, we receive from the institutions literally hundreds of complaints concerning lack of travel, lack of research, lack of rehabilitation and maintenance, lack of equipment and supplies, even of paper towels. It is hard to conceive that in this situation we would not have heard some suggestions as to where additional waste could be cut to assure these necessities.

Third, regarding doing "more with less," we are doing more with less. Increasing enrollment, inflation and a declining percentage share of the general fund budget of the State has required it. It appears to me, however, that the consequences of what the legislature is asking is not "more with less," but "less with less." A simple reduction of programs and a complete elimination of funding equal to their cost leaves us with fewer remaining programs (presumably the superior ones) funded at the same, presently inadequate level. Further, biennial reviews will find that some of the superior programs have been so weakened by continued inadequate funding that they too should be eliminated, and so on.

We have quality programs. Every study by outside sources has indicated not only high quality but that many programs, particularly at the older universities, are of the very top rank, comparable with the best public and private universities. This was most recently reinforced by our interviews of candidates for the office of the President of the University of Oregon.

It is true, money alone does not ensure quality. Lack of money, long protracted, however, almost certainly ensures lack of quality. The system may never recover.

The public must be made aware of what is happening to our system and what the future portends for it if the present course is continued.

Fourth, we have the expressed concern over "duplication" and "continued expansion."

Duplication in the Oregon State System of Higher Education is not as great as it is assumed by many informed people. As an example of this, there was a question during a recent legislative hearing about the necessity for a "doctorate in Spanish at SOSC." As you know, there is not a doctorate at any state college in any subject, and only two masters programs other than in Education-Interdisciplinary studies, at SOSC and WOSC) In fact, there is hardly a better example of the lack of unnecessary duplication in the system. There is only one doctoral program in the entire field of romance languages at one of the universities. (UO)
It should be noted also that the large "duplications" and "expansions
of programs" have not been made by the State Board of Higher Education
but by the legislature. All of the programs, courses, and curricular
allocations combined in 30 years by higher education resulting in "duplication"
cannot compare with the impact of two legislative decisions on "duplication."
Those decisions, of course, were the creation of Portland State University
and the creation of the community college system in Oregon.

Please note, I have continued to put "duplication" in quotes. I am
not saying these were legislative mistakes. They are historical realities
which the times may have demanded. But they were in a very large
sense duplicative. They illustrate also that the educational question is
not "duplication" alone and literally, but unnecessary duplication. We
believe our system compares more than favorably with similar systems
elsewhere to the point that has been described by others as excessively
limiting. I quote - "My personal opinion is that the state has carried
its desire to avoid duplication too far, to an almost fanatical extreme."
(Study on Oregon Graduate Programs in Biology, February, 1978 - J. Eugene
Fox, Professor and Chairman of the Department of Botany, University
of Kansas)

Likewise, the largest program expansion, at least in recent years,
was legislatively initiated; that being the School of Veterinary Medicine
at Oregon State University.

If there is a need for " restructuring," perhaps the most important
aspect of it is the method of proceeding to obtain such restructuring.

In the event that cuts below the Governor's budget become necessary,
some restructuring will be necessary. The Board's position has been
that we should reduce access rather than reduce quality. The legislature,
it appears to me, at least tacitly has accepted that premise. Access is
to be limited by the reduction or elimination of programs which we have
requested the institutions through their presidents to identify.

The legislature complains that this method of proceeding demonstrates
a lack of aggressive leadership on the part of the Board.

It is true, as I see it, that the Board does lack aggressive leadership
to take steps which it perceives will dismantle, destroy or reduce the
system to mediocrity. It has been reluctant to take such steps on the
basis of isolated, periodic, vaguely defined "demands" along lines which
do not appear to the Board to be educationally sound or even particularly
economically beneficial.

We recognize the crisis. We have developed a plan to deal with it.

Another solution periodically suggested is that one or more institutions
be completely closed. The Governor does not agree with such a solution.
The State Board of Higher Education does not agree with such a solution.
We believe that most of the public and most legislators do not agree
that that is a viable solution. We believe this because the information
that we have does not show that closing an entire institution is going to
save appreciable amounts of money and may even increase costs in some
respects. Without restricting access, the students would simply go to other institutions, creating need for new facilities and additional faculties there. Although there would possibly be some small saving in administrative costs, there would also be exceedingly uneconomic, even wasteful, use, if any, of existing facilities, to say nothing of imposing probably disastrous economic consequences upon the communities where the schools now exist.

We have proposed that the manner in which access will be restricted will be through the closing or reducing in size of programs which we have instructed the institutions to identify. The Board will have the final decision as to which programs will be reduced or eliminated.

This information is not yet available, but one of the central problems with the legislature is the request that we identify those programs before a determination has been made by the legislature that it is necessary. Although the fact that such identification may create a self-fulfilling prophecy is recognized to some extent by the legislature, nonetheless they continue to press for that information as necessary to their deliberations.

The concern has also been expressed by members of the Higher Education Sub-committee of Ways & Means that the presidents cannot or will not identify programs to be reduced. One statement is that "the institutions cannot do it - their mission is to grow." Another assumption seems to be that the presidents will not do so because of their relationships and obligation to the various faculties.

I would ask the question, "If they will not or cannot, where will the information upon which an informed decision must be based, come from?"

My confidence in the presidents is greater than that. They are paid (more or less well paid) to make such difficult decisions. They know where the programs are which will do the least damage to the institution and to the system. They are not as beholden to the faculties as popularly assumed. Most of the complaints I have received from faculty members about the presidents have been over their carrying out of Board decisions.

We must rely upon them because I doubt if this Board or even the Chancellor's Office, except in isolated instances, could really identify those programs which are weakest and where the public loss will be the least upon their elimination. We also know that weak programs have been eliminated or reduced in the past.

If the public choice, after adequate public debate, is that we provide more quality for fewer students with less money, we will do so.

It will not be done by some of the methods discussed herein which have been suggested to us.
We will, of course, if it is insisted upon, be required to identify the programs which we would intend to eliminate which would have the effect of reducing student access. It is my opinion, however, that higher education and the public interest would be better served by simply requesting that the legislature tell us how much money we are to receive and assuring that we will make the hard decisions which they are asking for. I believe that such a posture is consistent not only with good judgment, but the statutory scheme for a system of higher education in Oregon. I recommend a careful reading of ORS 351.070, 351.110 and 351.200.

It is entirely within the province of the legislature to change the entire system for providing higher education in Oregon, or even to abolish it; however, I do not believe that it is their prerogative under present legislation to supervise the educational programs or "to define the courses of study and departments to be offered and conducted by each institution." (ORS 351.200 (1)) This will of course be the effect, directly or indirectly, of their reviewing programs at the institution level and making decisions as to funding which may result in their closure or continuation.

The presidents and the system are apparently being confronted with a legislative procedure which will encourage not more for less, but as earlier stated, less for less.

I certainly agree that there is necessity for coordinated effort by the State Board, otherwise we will only shift students from institution to institution or to other segments of education. I believe we have already established a mechanism by which coordinated effort will be achieved.

It seems to me that we face a dilemma. What incentive is there to cut programs if some of the savings cannot be, at least in some substantial part, devoted to improvement of the remaining programs?

Am I suggesting that we do nothing?

I am not. To adopt such a posture is to risk the continuing deterioration of outstanding programs to maintain the mediocre.

I believe that first of all the legislature should be urged to make every effort to fund higher education at the minimum levels suggested in the Governor's budget.

In fact, Bill Barrows, the legislative fiscal analyst, has recommended approval of the Governor's budget for 1981-82. (Parenthetically, it should be noted that he has made some other policy proposals which I believe merit careful consideration.)

It should be made very clear that if growth continues, as it has, eliminating programs to deal with what we certainly hope (and many believe) is a transitory financial crisis, will have a long range impact and cost which may be greater than the short range savings, since these programs cannot be restarted without great public expense if future circumstances require it.
I do recommend that the Chancellor be directed to work with the presidents to determine those programs which can be eliminated with the least damage to the institutions and to the system, and that the following criteria be applied (among others which may be suggested by this Board or by the Chancellor's Office):

(1) Those programs which are central to the mission of the institution will be maintained.

(2) Those programs which are essential to the state system's mission as an educational delivery system as a whole will be maintained.

(3) The large measure of statewide public services now provided to Oregon's citizens and industries should be maintained.

(4) Elimination should not be considered where the result will simply be to shift the burden to another institution or to some other segment of education.

(5) Where quality is marginal or cost of maintenance or upgrading is disproportionate to the importance of the program to the mission of the institution and the system, it may be eliminated. These programs should be identified as soon as possible and elimination considered whether or not the Governor's budget is funded.

(6) Outstanding programs will be protected. I do not think that that is a necessary assumption under some of the proposed legislative changes. An example is the continuing proposal to discontinue all physical education service courses. As I understand it, this would cripple what has just recently been identified as one of the five best PE schools in the country at the University of Oregon.

Last, it is my proposal that the legislature consider that some substantial proportion of the savings which can be obtained from the elimination of programs be retained by the institution or the system for improvement of its other programs. This will encourage rather than discourage a hard look at programs that could be eliminated.

I know this will not be particularly attractive to the presidents, but I believe that their choice is that they will have a reduced number of programs with reduced funds, or a reduced number of programs with more adequate funding for the remainder in the future.

I do not believe that this can be accomplished before this legislature completes its deliberations. It will take time and effort, but I believe that it is a proposal which should be made to the legislature for the future if present levels of funding for higher education in Oregon are not to be improved.
An examination of both the direct and indirect consequences of closing an institution (or institutions) rather than the more pervasive reduction of enrollments among the several institutions leads me to the conclusion that institutional closure is neither fiscally nor educationally desirable.

In addition, I doubt that institutional closure is politically feasible.

We have prepared a model of an institution named "Hypothetical University" (Hype U for short) and have concluded that the net savings effected by closing the institution would be, for the first year, $442,599; approximately $1,700,554 in the second year; and approximately $1,818,686 each year thereafter. (Net savings are those left after (1) the students are accommodated in other System colleges and universities, (2) mothballing costs are met, (3) debt service obligations are paid, and (4) other miscellaneous but inevitable costs are taken into account.)

The model is appended.

Further, we have identified those consequences associated with the closing of an institution which do not readily translate into dollar costs.

A list of those intangible consequences also is appended.

In addition to the direct and indirect fiscal impact identified in the appended material, two other considerations contributed to the conclusion stated in the opening paragraph:

1. The demographic data for Oregon suggest that in a few years, at least by 1990, enrollment pressures will show a significant increase. We will need all of the space we have.

2. Facilities (classrooms, library space, laboratories, and dormitories) may be needed and constructed at the institutions to which Hype U students transfer while, at the same time, similar facilities would be mothballed at Hype U.
I. Financial Costs and Savings in Closing Hypothetical University

To assist in considering the impact of closing an institution in the State System of Higher Education, an analysis was completed of a hypothetical college constructed using representative data from the various OSSHE institutions.

Hypothetical University (Hype U) is a comprehensive, regional college offering undergraduate liberal arts, professional, and occupational programs, and offering a limited range of master's degree programs. The enrollment at Hype U is 2,600 headcount students and 2,425 FTE students distributed as follows:

<table>
<thead>
<tr>
<th>Headcount</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower Division</td>
<td>1,194</td>
</tr>
<tr>
<td>Upper Division</td>
<td>1,150</td>
</tr>
<tr>
<td>Graduate</td>
<td>256</td>
</tr>
<tr>
<td>Total</td>
<td>2,600</td>
</tr>
</tbody>
</table>

Annual budgeted expenditures total $9,041,384 for education and general services and $5,374,785 for other activities broken down as follows:

<table>
<thead>
<tr>
<th>Education and General Services</th>
<th>$9,041,384</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuing Education</td>
<td>87,735</td>
</tr>
<tr>
<td>Designated Operating Accounts and Unrestricted Gifts</td>
<td>94,740</td>
</tr>
<tr>
<td>Auxiliary Activities</td>
<td>3,001,155</td>
</tr>
<tr>
<td>Gifts, Grants, and Contracts</td>
<td>2,011,498</td>
</tr>
<tr>
<td>Service Departments</td>
<td>179,657</td>
</tr>
<tr>
<td><strong>Total Institution Budget</strong></td>
<td>$14,416,169</td>
</tr>
</tbody>
</table>

Resources for education and general services were derived from the following sources:

<table>
<thead>
<tr>
<th>General Fund</th>
<th>$6,532,454</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tuition and Fees</td>
<td>2,102,622</td>
</tr>
<tr>
<td>Special Fees</td>
<td>406,308</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>$9,041,384</td>
</tr>
</tbody>
</table>

Staffing of Hype U consists of 213.59 FTE academic staff and 173.56 classified employes of which 188.40 academic staff and 116.78 classified employes are included in the education and general services budget.

Closure of Hype U is assumed to occur at the conclusion of the 1980-81 academic year. It is assumed that there has been identified no immediate alternate use for the campus (e.g., sale to outside organization, use by other state agency) and, therefore, the campus will be deactivated and placed in a state of suspended activity. Activities necessary to bring orderly curtailment
to the college's operations and to prepare for permanent closure of the campus will be accomplished by a temporary organization during the succeeding fiscal year. One senior administrator will be necessary to deal with general administrative issues such as negotiations with repository organizations, disposition of endowment funds, preservation of the traditions and heritage of Hype U, and liaison with legal counsel. Business affairs staff will be required to handle the resolution of financial obligations and to prepare for transfer of financial records to the Controller's Division. The staff of the Registrar's Office will be required for approximately three months to handle the transfer of student records to a repository institution. The library staff will be needed for approximately three months to handle the transfer of library materials to a repository organization. Some physical plant staff will be required to maintain the facilities and grounds and to prepare the facilities for permanent deactivation. Thereafter, a limited permanent staff will be necessary to provide for security and maintenance of the facilities and grounds.

In calculating the net savings resulting from closure, it was necessary to identify costs associated with providing for the security and maintenance of the facilities and grounds, and to develop assumptions concerning the enrollment distribution among other OSSHE institutions of students who otherwise would have attended Hype U.

Assumption 1: All of the 2,425 students at Hype U would transfer to surviving institutions in the State System. The resources needed to support these 2,425 students, including faculty, student services, academic support, and related variable costs, would accompany these students. The State System would retain the tuition revenue generated by the 2,425 student FTE but would also incur the costs needed to support them.

The net savings in 1981-82 would be $442,599. The net savings in 1982-83 would be $1,700,554. Detailed information on costs and savings is presented in Tables 1a and 1b.
**Table 1a**

**Costs and Savings Assuming Transfer of All Hype U Students to Other OSSHE Institutions**

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Variable Cost</th>
<th>Fixed Cost</th>
<th>Summer Session</th>
<th>Public Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget</td>
<td>$9,041,384</td>
<td>$6,355,580</td>
<td>$2,289,926</td>
<td>$339,073</td>
<td>$56,805</td>
</tr>
<tr>
<td>Less: Transfer to Other OSSHE Institutions</td>
<td>6,694,653</td>
<td>6,355,580</td>
<td>-0-</td>
<td>339,073</td>
<td>-0-</td>
</tr>
<tr>
<td>Available for Savings</td>
<td>$2,346,731</td>
<td>-0-</td>
<td>$2,289,926</td>
<td>-0-</td>
<td>$56,805</td>
</tr>
<tr>
<td>Less: Unrealized Tuition and Fees</td>
<td>-0-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1981-82</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closure and Mothballing Costs</td>
<td>$1,904,132</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Savings</td>
<td>$442,599</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1982-83</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closure and Mothballing Costs</td>
<td>$646,177</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Savings</td>
<td>$1,700,554</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table 1b**

**Closure and Mothballing Costs Associated With Assumption 1**

<table>
<thead>
<tr>
<th></th>
<th>1981-82</th>
<th>1982-83</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$83,500</td>
<td>$---</td>
</tr>
<tr>
<td>Business Affairs</td>
<td>223,425</td>
<td>$---</td>
</tr>
<tr>
<td>Security and Maintenance of Plant</td>
<td>415,050</td>
<td>342,250</td>
</tr>
<tr>
<td>Transfer of Student Records</td>
<td>39,000</td>
<td>$---</td>
</tr>
<tr>
<td>Transfer of Library Materials</td>
<td>63,750</td>
<td>$---</td>
</tr>
<tr>
<td>Debt Obligation</td>
<td>185,795</td>
<td>185,795</td>
</tr>
<tr>
<td>Leave-Time Compensation</td>
<td>145,514</td>
<td>21,256</td>
</tr>
<tr>
<td>Unemployment Compensation</td>
<td>748,098</td>
<td>96,876</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,904,132</td>
<td>$646,177</td>
</tr>
</tbody>
</table>
Assumption 2: Fifty percent of Hype U's student FTE (1,212 student FTE) would choose an alternative outside of the State System if Hype U were closed—i.e., community college, independent college, out-of-state institution, or no school at all. The remaining 50% would transfer to other OSSHE institutions. The resources needed to support these 1,213 students, including faculty, student services, academic support, and related variable costs, would accompany these students. The State System would retain the tuition revenue generated by half of the student FTE, but would also incur the costs needed to support them. The net savings in 1981-82 would be $2,409,060. The net savings in 1982-83 would be $3,793,415. Detailed information on costs and savings is presented in Tables 2a and 2b.

Table 2a
Costs and Savings Assuming Transfer of 50% of Hype U's Students to Other OSSHE Institutions

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Variable Cost</th>
<th>Fixed Cost</th>
<th>Summer Session</th>
<th>Public Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget</td>
<td>$9,041,384</td>
<td>$6,355,580</td>
<td>$2,289,926</td>
<td>$339,073</td>
<td>$56,805</td>
</tr>
<tr>
<td>Less: Transfer to Other OSSHE Institutions</td>
<td>3,347,327</td>
<td>3,177,790</td>
<td>-0-</td>
<td>169,537</td>
<td>-0-</td>
</tr>
<tr>
<td>Available for Savings</td>
<td>$5,694,057</td>
<td>$3,177,790</td>
<td>$2,289,926</td>
<td>$169,536</td>
<td>$56,805</td>
</tr>
<tr>
<td>Less: Unrealized Tuition and Fees</td>
<td>$1,254,465</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1981-82
- Closure and Mothballing Costs $2,030,532
- Net Savings $2,409,060

1982-83
- Closure and Mothballing Costs $646,177
- Net Savings $3,793,415

Table 2b
Closure and Mothballing Costs Associated With Assumption 2

<table>
<thead>
<tr>
<th></th>
<th>1981-82</th>
<th>1982-83</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$83,500</td>
<td>—</td>
</tr>
<tr>
<td>Business Affairs</td>
<td>223,425</td>
<td>—</td>
</tr>
<tr>
<td>Security and Maintenance of Plant</td>
<td>415,050</td>
<td>342,250</td>
</tr>
<tr>
<td>Transfer of Student Records</td>
<td>39,000</td>
<td>—</td>
</tr>
<tr>
<td>Transfer of Library Materials</td>
<td>63,750</td>
<td>—</td>
</tr>
<tr>
<td>Debt Obligation</td>
<td>185,795</td>
<td>185,795</td>
</tr>
<tr>
<td>Leave-Time Compensation</td>
<td>115,836</td>
<td>21,256</td>
</tr>
<tr>
<td>Unemployment Compensation</td>
<td>904,176</td>
<td>96,876</td>
</tr>
<tr>
<td>Total</td>
<td>$2,030,532</td>
<td>$646,177</td>
</tr>
</tbody>
</table>
Assumption 3: The State System would simply reduce enrollments systemwide by 2,425 student FTE. In other words, none of the student FTE at Hype U would transfer to other OSSHE institutions and, of course, none of the associated resources, including faculty, would be transferred either. The State System would lose the tuition revenue generated by the 2,425 student FTE but also would not incur the cost of the faculty and other support services associated with those student FTE.

The net savings in 1981-82 would be $3,394,767. The net savings in 1982-83 would be $5,886,277. Detailed information on costs and savings is presented in Tables 3a and 3b.

Table 3a
Costs and Savings Assuming Elimination of All Student FTE and Associated Variable Costs at Hype U

<table>
<thead>
<tr>
<th>Total</th>
<th>Variable Cost</th>
<th>Fixed Cost</th>
<th>Summer Session</th>
<th>Public Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Budget</td>
<td>$9,041,384</td>
<td>$6,355,580</td>
<td>$2,289,926</td>
<td>$339,073</td>
</tr>
<tr>
<td>Less: Transfer to Other OSSHE Institutions</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Available for Savings</td>
<td>$9,041,384</td>
<td>$6,355,580</td>
<td>$2,289,926</td>
<td>$339,073</td>
</tr>
<tr>
<td>Less: Unrealized Tuit-</td>
<td>$2,508,930</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ion and Fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1981-82
Closure and Mothballing Costs $3,137,687
Net Savings $3,394,767

1982-83
Closure and Mothballing Costs $646,177
Net Savings $5,886,277

Table 3b
Closure and Mothballing Costs Associated With Assumption 3

<table>
<thead>
<tr>
<th></th>
<th>1981-82</th>
<th>1982-83</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Administration</td>
<td>$83,500</td>
<td>$</td>
</tr>
<tr>
<td>Business Affairs</td>
<td>223,425</td>
<td></td>
</tr>
<tr>
<td>Security and Maintenance of Plant</td>
<td>415,050</td>
<td>342,250</td>
</tr>
<tr>
<td>Transfer of Student Records</td>
<td>39,000</td>
<td></td>
</tr>
<tr>
<td>Transfer of Library Materials</td>
<td>63,750</td>
<td></td>
</tr>
<tr>
<td>Debt Obligation</td>
<td>185,795</td>
<td>185,795</td>
</tr>
<tr>
<td>Leave-Time Compensation</td>
<td>184,265</td>
<td>21,256</td>
</tr>
<tr>
<td>Unemployment Compensation</td>
<td>1,942,902</td>
<td>96,876</td>
</tr>
</tbody>
</table>

Total $3,137,687 $646,177
II. Intangible Costs of College Closure

Economic

Because of the nature of the academic job market, terminated faculty members would be very likely to seek new employment outside the community and even outside the state, since similar work is not likely to be available within the community.

Loss of employed faculty may also result in loss of employment of spouses and other household members, if the faculty member’s termination results in a move out of the community. The contribution of the spouse to the business, cultural, and civic affairs of the community would be lost.

Moves out of the community release large numbers of homes for sale in a housing market presently depressed by high interest rates. Loss of students would increase rental vacancies. A glut in available housing further depresses the demand for construction services, adding a greater burden to an already hard-hit industry.

In a community with an economy dependent primarily on the college, other businesses would be affected:

1. Retail trade purchases (clothing, hardware, grocery, etc.).
2. Repair services (including automobile and bicycle maintenance and repair).
3. Utilities.
4. Service businesses (banks, restaurants, theaters, sports clubs, etc.) catering primarily to a college constituency.
5. Other services (physicians, dentists, veterinarians, lawyers, etc.).

Past studies of the economic impact of colleges on their communities have found a multiplier effect ranging from 1.2 to 2.3. Generally, the multiplier is smaller for the more narrowly defined area of the surrounding community—usually 1.2 to 1.5. That is, every dollar of salary paid to college employees generates an additional $.20 to $.50 in the community. Statewide multipliers tend to be larger—usually around 1.75. That is, every dollar of salary paid to college employees generates an additional $.75 in the state.

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1 Includes studies done at the University of Florida (1964); Husson College (1967); University of Colorado (1968); Wisconsin State University (1970); Eastern Kentucky University (1971); University of Pittsburgh (1972); Georgia State University (1976); and the Louisiana State University System (1980).
A graphic representation of a college's economic impact on its community is presented below:


Intellectual

College closure would deprive the community of a vital intellectual resource. The technical expertise of faculty available to local and regional businesses, industries, and municipal government would be lost.

Past studies have shown that people with more education are more likely to participate in civic affairs. To the extent that such participation enriches the community environment, the community is likely to suffer a loss of civic involvement as a result of college closure.

Cultural

The cultural benefits provided by the college would be lost. These include fine arts events produced or supported by the college, guest speakers, library facilities, and athletic events and facilities.

Legal

Because college closure occurs rarely and because few state systems have experienced college closure, there are likely to be many complicated legal issues presented which have no precedent and which will entail litigation. The cost could be substantial.

Service to the Public

Students for whom the remaining colleges and universities in Oregon are too large, too costly, or too distant would not be adequately served.
INTRODUCTION

The University at times may face situations where adequate funding and/or other resources are not available to maintain programs and services at their existing levels or at levels deemed sufficient to ensure essential quality. In such situations, the terminations or reduction of academic staff, schools, departments, or programs may be anticipated.

A major consideration in the planning and decision-making process relating to these adjustments is the proper role of Faculty members. Faculty involvement is essential in dealing with all problems directly related to academic goals, programs, policies, and standards, for full analysis of possible solutions to such problems, for using Faculty expertise in finding new alternatives, for maintenance of morale, to ensure fair treatment, and for allowing affected Faculty adequate time to restructure personal plans and goals.

The Oregon Administrative Rules of the Board of Higher Education (OAR 580-21-315) require the President to consult with Faculty in a timely manner in arriving at his decision as to whether a state of financial exigency exists and any subsequent decision on actions necessary to meet the financial exigency. Decisions as to the necessity and means for program or department reduction or elimination must also provide for Faculty advice.

The Rules require that such consultation by the President with the Faculty be pursuant to institutional procedures. It is the purpose of this statement to outline such procedures. This Statement indicates some of the conditions relating to underfunding, and explains the components and rationale for Faculty consultation.

UNDERFUNDING SITUATIONS

Three Underfunding situations may exist or be anticipated:

1. Financial Exigency: According to the Oregon Administrative Rules (Chapter 580, Division 21 - Board of Higher Education), the declaration of a financial exigency which may result in the termination of a tenured faculty member's appointment requires that a prior and bona fide determination be made by the President that sufficient funds are not available for payment of compensation for the position concerned. If the appointment of any academic staff member with or without indefinite tenure is to be terminated because of financial exigency, maximal possible notice shall be provided.
2. Program or Department Reductions or Eliminations: Program or department reductions or eliminations may be made by the President, upon determination, pursuant to institutional procedures providing for Faculty and other input, that such reductions or eliminations are consistent with institutional goals and needs. As in the previous situation, any Faculty member can be terminated, but such actions shall reflect a regard for the rights of affected Faculty.

3. Other Underfunding Situations: This category includes those underfunding situations where the adjustments do not involve termination of Faculty with indefinite tenure. In this case, the underfunding may be less severe and other adjustments, such as layoffs of fixed-term Faculty, termination of Faculty with annual tenure, not filling vacancies, or encouraging early retirement, are possibilities.

RATIONALE FOR FACULTY INPUT

The involvement of Faculty in the decision-making process to adjust underfunding conditions has a strong base in managerial and organizational theory, but also represents sound academic practice consistent with standards set by AAUP and other professional organizations. As noted in the Introduction, Oregon Administrative Rules also require timely Faculty consultation by the President before decisions are made. Another important aspect, of course, is morale. Rumors and misinformation can be a deterrent to productivity.

The Bylaws of the Faculty Senate indicate that one of the objects of the Senate is to "provide the means by which the administration may be apprised of representative opinion of the entire faculty." Furthermore, the Senate is to "provide the means through which any matter of general interest to the faculty, or pertaining to the institution and its purpose may be brought to the Faculty Senate for discussion and appropriate action."

It would also appear, based on the Bylaws of the Faculty Senate, that it would have a specific role to play regarding the reduction or elimination of programs or departments. The President, according to the Oregon Administrative Rules, can make these reductions or eliminations if they are determined to be "consistent with institutional goals and needs." In its Bylaws, the Faculty Senate has a role to "determine and establish the purposes of Oregon State University, formulate and evaluate policies and activities in harmony with these purposes."
PROCEDURE

Before declaring a condition of financial exigency and/or a need to reduce or eliminate a program or department, the University President or his designee should consult with appropriate Faculty groups. Where an emergency situation may exist, provisions are needed for convening a Faculty group to provide informed opinion to the University President of the range and consequences of alternatives to be considered.

It is anticipated that such emergency situations would be declared in only the most unusual, unanticipated conditions. Thoughtful consideration of financial and/or resource deficits, and appropriate Faculty input, as required by Oregon Administrative Rules, require adequate time. Since State and/or University financial and resource problems usually arise over extended periods, solutions to these problems should be developed and Faculty advice solicited before the problems become crises.

For actual emergencies, the establishment of a Financial Emergency Group is proposed. If there is adequate time for more in-depth consultation, the usual procedures for Faculty Senate committees and councils to study the issues will be implemented. In either case, the University President should notify the Senate's Executive Committee regarding the situation.

If the University President deems that an emergency situation does exist, the Executive Committee of the Faculty Senate shall convene a special Ad Hoc Financial Emergency Group. The Financial Emergency Group shall consist of the following individuals designated by the Executive Committee: The Faculty Senate President and President-Elect; the Chairman and one additional member of each of the following Faculty Senate Standing Committees: Budgets and Fiscal Planning, Faculty Economic Welfare, and Faculty Status Committees. When designated individuals from these committees are unavailable, replacements should be made from among the membership of those designated standing committees. The Chairman of the Ad Hoc Group shall be the Chairman of the Budgets and Fiscal Planning Committee or, in that person's absence, another member of the Budgets and Fiscal Planning Committee.

The form of consultation shall be to describe and to discuss fully the magnitude of the financial distress, and to analyze options available for resolution of the problem. It is implicit in the consultation that the presentation be made at the earliest mutually convenient time and place, to allow reasonable opportunity for the Group to offer constructive suggestions and comments, and to obtain an appropriate spectrum of Faculty input and expertise.
If the nature of the situation permits an opportunity for more extensive Faculty consultation, the University President shall notify the Executive Committee of the Faculty Senate and meet with them to discuss the issues involved. The Executive Committee shall then notify the existing Committees of the Faculty Senate and request their consideration of the issues. Usual procedures for involving total Faculty may take the form of meetings of the Faculty Senate or special sessions called to include the full Senate and any interested Faculty.

Whether or not an emergency situation exists, the University President should indicate to the Executive Committee when a report to him should be made by either the Financial Emergency Group or the Faculty Senate Executive Committee. In either instance, it should allow sufficient time for the University President to consider the suggestions of the Faculty before declaring a Financial Exigency or the need for program or department reductions or eliminations.

In making these recommendations, this Committee has taken into consideration the need for timely involvement of the Faculty. If a genuine emergency exists, then the Emergency Group, as designated, could be convened in a matter of hours, and should be able to begin work rapidly to provide the University President or his designee adequate consultation. Where preparation time is available, the Executive Committee should make the determination of the level of Faculty involvement needed, and using its usual authority, take whatever course of action is warranted.
Article 18. Retrenchment

Section 1. In a viable, complex and multifaceted university, it may be necessary to adjust departments and staff. Historically, these adjustments have been accomplished by attrition and by not renewing appointments in specific departments. The provisions of this Article and accompanying procedures do not apply to this historical practice.

The modification of departments generated solely by changes in curricula or in the educational programs or mission of the University is accomplished through usual curricular mechanisms and the provisions of this Article likewise do not apply.

Section 3. Before deciding to declare a condition of financial exigency, or to reduce or eliminate a department, the President or his designee shall consult with appropriate faculty councils.

a. At any time that the President finds that the University's financial condition is such that a declaration of financial exigency or of departmental reduction or elimination may become unavoidable, the President shall promptly notify the Association and the members of the bargaining unit.

b. After issuance of such notice (3a) appropriate representatives of the University shall offer to meet with representatives of the Association for the purpose of presenting and discussing a full description and analysis of the financial condition of the University. If Association representatives fail to accept within a reasonable time an offer to meet, the University shall have no further obligation to consult with the Association or hear their views under the provisions of this Article.

c. After the issuance of such notice (3a), the President or his designee shall present a full description and analysis of the financial condition of the University at a regular or special meeting of the Faculty Senate, and to such other faculty councils as the President may deem appropriate.
d. When the meetings provided for in (3b) and (3c) above are held, a time will be established when comments and recommendations will be due in the President's Office. The time allowed for such consideration will be at least 30 days unless the President finds and states that circumstances require a response in a shorter period of time.

The President will give thoughtful consideration to such comments and recommendations as are submitted by the established time; and will engage in such further discussions, including efforts to reconcile varying points of view, as he may deem useful. He or his designee will, at the Association's request, meet with representatives of the Association to hear and discuss the Association's comments and recommendations.

The parties agree to use their good offices to facilitate Senate consideration, and further agree that the Senate, at its discretion, may hear and consider the views of any person or organization during their deliberations of these matters.

e. In reaching a decision whether to declare a condition of financial exigency or a condition requiring departmental reduction or elimination, the President will consider, among other matters, institutional guidelines concerning the mission and educational development of the institution; departmental effectiveness and productivity; enrollment historical, current and projected; the state of development of departments; the balance between academic personnel and other elements of the budget; the dependence of other departments in the University on the department proposed for reduction or elimination; and the availability of similar programs and services elsewhere in the community.

f. After fulfilling the requirements of Sections 2 and 3 of this Article, the President may declare that a financial exigency exists or that the reduction or elimination of a department is necessary.

Section 4. After a declaration is made, a provisional plan will be announced and an opportunity provided for faculty and the Association to comment on the plan, including suggesting alternatives for amelioration of the financial condition. The provisional plan will include tentative assignments of reductions to departments and the time by which responses are to be submitted. The time allowed for such considerations shall be at least 30 days unless the President finds and states that circumstances require a response in a shorter period of time. During this time the President will receive and consider such comments and recommendations from the Faculty Senate as the Senate chooses to submit.
The Association, and the faculty of the department assessed a budget reduction in the provisional plan, may make recommendations within the time allotted concerning the manner in which the tentative reductions are to be accomplished. Forms of budget curtailment which may be proposed and considered include, but are not limited to, voluntary leaves of absence, shared appointments, temporary salary reductions, temporary reductions in FTE, layoffs for fixed periods, and indefinite layoffs.

If the final plan being considered by the President will result in the layoff of more faculty than recommended by the departmental faculty, the President or his designee shall meet with the departmental faculty (or representatives thereof) for further discussion of departmental recommendations.

Following completion of the procedures outlined above, the President will announce a final plan and will notify departments to be affected of the amounts and nature of reductions to be applied.
Article 18. - Layoff

Section 1. It is understood that in a viable and complex college offering an array of professional programs, it may be necessary to adjust staff and programs. Historically, these adjustments have been accomplished by attrition and by not renewing appointments in specific programs, units, or departments. The provisions of this Article and accompany procedures do not apply to this historical practice.

The modification of programs generated solely by changes in curricula or in the educational programs or mission of the College are accomplished through usual curricular mechanisms and the provisions of this Article likewise do not apply.

Section 2. Layoff will take place only after the College finds that one of the following bona fide conditions exists or is imminent:

A. demonstrable financial exigency;
B. program or discipline curtailment;
C. declining enrollment in a department or program;
D. necessity to reallocate funds to avoid a serious distortion of essential programs and services.

The magnitude of the layoff shall be commensurate with the condition necessitating such layoff.

Section 3. After a declaration is made that one of the conditions described in Section 2 exists or is imminent, a provisional plan will be presented to the Senate. The provisional plan will include proposed assignments of reductions to departments and programs and the time by which the Senate is to respond. The Senate will be invited to comment on the curriculum impact of the provisional plan and to suggest alternatives for amelioration of the financial condition. The President will consider the comments and recommendations made by the Senate within the time limit provided before announcing a final plan. After completing these procedures, the President will announce a final plan and departments or units will be notified of the amounts and nature of reductions to be applied.
Section A. - Reduction Procedures

In the event of financial exigency, budget reductions, program reductions or program elimination, the President shall determine the number of positions to be eliminated. The President shall seek advice from a variety of sources and shall tentatively identify the programs or departments where positions are to be eliminated. The President shall notify program directors or departmental chairpersons involved of the impending action, shall furnish a list of factors to be considered in reaching his final decision and shall give program directors and departmental chairpersons a reasonable period of time in which to submit to him statements concerning the impact of the impending action on the program or department. Impact statements submitted shall be made available to other departments upon their request. After considering the impact statements, the President shall make his final decision regarding the number and programs or departments where positions are to be eliminated. The President shall publish internally his decision, to be accompanied by a brief statement concerning the rationale for the program or departmental selection.

Program directors and departmental chairpersons shall make timely recommendations regarding the members or positions to be terminated, or at the request of the department, the President, after such consultation as he might deem necessary, shall make a timely decision regarding the members or positions to be terminated.
1. Preamble

The following procedure specifies the "timely manner" and "appropriate faculty and other institutional councils" mentioned in OAR 580-21-315b.

2. Introduction

A faculty member with indefinite tenure or a non-tenured person before the end of his/her period of appointment can be terminated without cause only when:

A. A state of financial exigency has been properly declared or

B. A need for the reallocation of resources which will result in program reduction or elimination has been properly declared.

In either case, the following must be observed:

A. All national and state laws.

B. The current Oregon Administrative Rules (OAR's) and Internal Management Directives (IMD's) of the State System of Higher Education.

C. This approved procedure.

3. Procedure

A. Establishment of Need

The Budget Committee shall advise the President in the development of the annual and biennial budgets, including the allocation of institutional resources. This process will include a public hearing on the budget and a report to the Assembly as specified in the EOSC Assembly Constitution and By-Laws. The need for a declaration of financial exigency, program reductions or program elimination will evolve from this budget process.

*Program may be any aspect of the College less than the total operation of the College. It may include prefixes, disciplines, administration and other support functions or units or any appropriate combination thereof.
When the President adopts subsequently a working budget and if it appears likely that a matching of needs and resources will result in a budget deficit requiring a declaration of financial exigency or program reduction covered by OAR 580-21-315, the remaining portion of this procedure will be followed.

B. Identification of Function or Program

The President shall recommend alternatives for eliminating the estimated deficit. This plan shall include a clear statement of rationale and of potential impact on program offerings and personnel and will establish a reasonable and expeditious time schedule for the remaining steps of this procedure.

**Appeal and Discussion** — The President shall confer at least with the Executive Dean, Dean of Student Affairs, Director of Business Affairs, Deans of the Schools, and one tenured senior faculty member from each School in formulating these alternatives.

Each Dean of the School and/or Unit Administrator shall: (a) confer with all members of the program(s) in question; (b) confer with all members of the School or Unit; and (c) appoint and chair a representative committee* which will prepare a statement evaluating the institutional impact of the proposed action on program and personnel within his/her Administrative Unit. Copies of these statements shall be made available to the other Dean of the School and Unit Administrators.

After considering the impact statements, the President shall present a proposal with supporting documentation including all impact statements to the Educational Policy and Curriculum Committee.

After due deliberation, the Educational Policy and Curriculum Committee shall prepare written recommendations to the President, either concurring with the President's proposal or recommending alternatives.

After considering all recommendations, the President shall make a final decision regarding the programs or functions to be affected. The President shall present the final decision to the Assembly. If the President's decision contradicts the advice of the EPCC, he shall acknowledge this variance and give his rationale.

*This does not preclude membership from outside the School or Unit, if appropriate.*