MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
ON DECEMBER 10-11, 1981

MINUTES APPROVED

Consent Calendar

Proposed Amendment to OAR 580-11-005, Student Health Services

Request for Authorization To Offer a Program Leading to Basic Endorsement in Teaching the Handicapped Learner, SOSC

Continuation of Trial Period for New Board Procedures

Schematic Design Phase of Planning for Hospital and Clinic Rehabilitation and Alterations Projects (Emergency Department Radiology Services), OHSU

CHANCELLOR'S REPORT

Communications

20% General Fund Cuts

Adoption of Qualifications and Criteria for Position of Chancellor

Recess to 12-11-81 and Reconvening

Continuation of Discussion on Budget Reduction Packages

Program Reductions/Eliminations, 1982-83

Resolution Regarding Salary Reductions

Resolution Urging Revenue Generating Alternatives to Meeting Budget Shortfall

Presentation by Chancellor of Financial Exigency Discussion

Purchase of Miller Property, SOSC

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Report of Inspection and Acceptance for Crop Science Building, OSU
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STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN
DADS' ROOM, ERB MEMORIAL UNION
UNIVERSITY OF OREGON, EUGENE, OREGON

December 10-11, 1981

A regular meeting of the State Board of Higher Education was held in the Dads' Room, Erb Memorial Union, University of Oregon, Eugene, Oregon.

The meeting was called to order at 9 A.M., December 10, 1981, by the President of the Board, Mr. Edward C. Harms, Jr., and on roll call the following answered present:

Mr. Lester Anderson
Mr. Alvin R. Batiste
Mrs. Jane H. Carpenter
Mrs. Harriett Flanagan
Mr. Robert C. Ingalls
Mr. David Lonnicki

Mr. Louis B. Perry
Mr. James C. Petersen
Mr. Marion T. Weatherford
Mr. Loren L. Wyss
Mr. Edward C. Harms, Jr.

OTHERS PRESENT

Centralized Activities--Chancellor R. E. Lieuallen; Secretary Wilma L. Foster; J. I. Hunderup, Vice Chancellor for Facilities Planning; Mrs. Clarethel Kahananui, Acting Vice Chancellor for Academic Affairs; E. Rex Krueger, Vice Chancellor for Educational Systems; W. T. Lemman, Jr., Vice Chancellor for Administration; Edward P. Kelley, Jr., Associate Vice Chancellor for Personnel Administration; Ms. Melinda W. Grier, Compliance Officer; James J. Casby, Assistant Attorney General; A. M. Rempel, Assistant Vice Chancellor for Academic Affairs; Richard E. Moore, Chairman, Interinstitutional Library Council; James Lockwood, Assistant to the Chairman, Interinstitutional Library Council; Richard S. Perry, Director, Management and Planning Services; Susan Weeks, Assistant Director, Management and Planning Services; Kenneth Jones, Assistant to Vice Chancellor for Administration; Thomas Berkey, Assistant Budget Director; Richard Zita, Assistant to the Chancellor, Director, Public Services and Publications; Karen McCumsey, Secretary to the Chancellor; Francetta Carroll, Assistant Board Secretary.

Oregon State University--President Robert MacVicar; Carl Stoltenberg, John R. Davis; Henry A. Wadsworth; Robert R. Becker, Professor; Richard Scanlan, Professor; Nancy F. Leman, Instructor.

University of Oregon--President Paul Olum; Richard Hill, Vice President for Academic Affairs; Robert Albrecht, Vice Provost; Frank Geltner, Assistant Director, EMU; R. C. Sunderland, Director, Management and Budget; Susan Bowie, Analyst; Gerard Moseley, Associate Provost for Student Affairs; Curtis Lind, Program Coordinator, Continuation Center; Alice Carnes, Director, Museum of Natural History; Thomas A. Brady, Jr., Professor; Teresa Maurer, Graduate Teaching Fellow; James L. M. Morgan, Research Assistant.

Oregon Health Sciences University--President Leonard Laster; J. T. McGill, Vice President for Finance and Administration; Donald G. Kassebaum, Vice President for Hospital Affairs; M. A. Lockwood, Executive Assistant to the President; Peter Wollstein, Assistant Vice President for Finance and Administration; Linda Hinds, Budget Director; Janet E. Young, Special Assistant to the President; Margaret E. Berroth, Vice Chairman, Academic Affairs; Margaret DiUlio, Instructor; Marion Keough, Research Assistant; Mine' Boyd, Research Associate; R. M. Woede, Administrative Assistant.

Portland State University--President Joseph C. Blumel; John B. Gruber, Vice President for Academic Affairs; J. K. Harris, Budget Director; Clarence Hein, Director of Information Services.
Eastern Oregon State College--President Rodney A. Briggs; David Gilbert, Executive Dean for Academic Affairs; James C. Lundy, Director of Business Affairs.

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

Southern Oregon State College--President Natale A. Sicuro; Ernest Ettlich, Dean of Academic Affairs; Donald Lewis, Dean of Administration; Robert A. McCoy, Professor.

Western Oregon State College--President Gerald Leinwand; Glen I. Williams, Dean of Administration; James H. Beaird, Provost; Jean Ferguson, Professor; Colleen Jackson, Associate Professor; Gary Huxford, Professor.

Others--State Senator Frank Roberts; State Representative Margie Hendriksef; Edith Maddron, Commissioner, Oregon Educational Coordinating Commission; Bob Stevens, Analyst, Oregon Educational Coordinating Commission; Roger Auerbach, Oregon Federation of Teachers; Bob Baugh, Oregon AFL/CIO; Fred Waller, James Tattersall, and Robert Davis, representing the Association of Oregon Faculties; Rob Collier, Eugene; Roger French, A. H. Price, Martin Lenk, Adam Rittenberg, Donald Coulter, Joyce Falkenberg, Students, University of Oregon; Robert Watrus, Executive Director, Oregon Student Lobby; Brian Kelly, President, Associated Students, Oregon Institute of Technology; Jeff Strickler, President, Associated Students, Oregon State University; Shawn Dooley, Director, State Affairs, Associated Students, Oregon State University; Freeman Holmer, Former Vice Chancellor for Administration, OSSHE; Lee Lewis, Oregon Medical Association; Marcia Bowler, Medical Technician, Sacred Heart Hospital; Ellen Feigon, Account Executive, Pacific Northwest Bell; Jo'ey Gardelius, Chairperson, Parents' Group for the Psychiatric Day Treatment Center; A. Nisbet, Representative, Associated Students, Portland State University; R. J. Ramsden.

MINUTES
APPROVED

The Board voted to dispense with the reading of the minutes of the last regular meeting held on October 23, 1981, and approved them as previously distributed. The following voted in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Petersen, Wyss, and Harms. Directors Perry and Weatherford were absent from the meeting at this time.

CONSENT
CALENDAR

(Considered by Board on October 23, 1981.)

The Board adopted motions at its meeting on October 23, 1981, to place the following items on the consent calendar for approval at the next regular meeting:

- Proposed Amendment to OAR 580-11-005, Student Health Services--See 10-81-24a and 10-81-24b, pages 3 and 5a of October docket; also minutes, page 570. Revised language as directed in October Board action appears below.

- Request To Offer BA/BS Degree Program in Liberal Studies in Bend, OSU--See 10-81-28a and 10-81-28b, pages 11 and 8a of October docket; also minutes, page 585.

- Request to Offer BA/BS Degree in Interdisciplinary Studies in Salem, WOSC--See 10-81-29a and 10-81-29b, pages 11 and 9a of October docket; also minutes, page 586.

- Request for Authorization To Offer a Program Leading to Basic Endorsement in Teaching the Handicapped Learner, SOSC--See 10-81-22a and 10-81-22b, pages 2 and 3a of October docket; also minutes, page 588.

It was recommended that the Board approve the staff recommendations for these items as previously discussed, or as revised in the case of the Student Health Services amendment.

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Meeting #481

December 10-11, 1981

Board Discussion and Action

Mr. Anderson stated that it seemed somewhat incongruous to place items on the consent calendar that would be affected by possible policy decisions relative to off-campus instruction. He asked that the requests for off-campus programs in Bend and Salem be removed from the consent calendar. In accordance with Board procedures, the items were removed. The consent calendar was then approved, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Petersen, Wyss, and Harms. Those voting no: None. Directors Perry and Weatherford were absent from the meeting at this time.

Summary for Meeting Worksheets (10-81-24a)

Several categories of potential users of student health service are not currently eligible to avail themselves of the health service provided at each institution. The proposed amendments to OAR 580-11-005 would enable these students to obtain the services at a cost commensurate with charges made to matriculated full-time and part-time students at the institution.

Staff Recommendation to the Board

It was recommended that the following amendments be adopted to OAR 580-11-005:

OAR 580-11-005--Student Health Services

(1) The institutions shall operate or provide student health services to safeguard the health of their students through health education, medical treatment of injuries and diseases, and limited counseling services.

(2) Student health services supported by student fees shall be made available [only] to full-time and part-time students who are enrolled [students] in courses taught by institution faculty and who have paid the health service fees adopted by the Board. [Institutions may permit part-time students, except nonmatriculants, to participate upon payment of the fees. This rule shall not prohibit an institution from rendering health services to other persons on campus if an emergency occurs.]

(3) An institution may also provide health services to:

(a) participants in on-campus, non-credit workshops and programs sponsored by the institution.

(b) participants in on-campus, non-credit workshops and programs sponsored by the institution under contract with an off-campus organization.

(c) participants in on-campus workshops and programs sponsored and taught by off-campus organizations under a lease or contract with the institution.

(d) other persons on an emergency basis.

Health service fees charged to these categories of users shall be not less than the current fees charged full-time and part-time students prorated according to the period of use.

([3]4) Charges may be made for prescriptions, laboratory services, immunizations, and other special services in accordance with regulations adopted by institutions. The institutions may deduct such charges from breakage fees or make other arrangements for payment.
The student health services will not pay or be responsible for bills from private physicians or private hospitals, except in cases of advance contractual arrangements made by the institutions.

Except as permitted by this subsection, faculty and staff (other than residents, interns, and graduate assistants) are not eligible to use student health services operated or provided by the institutions. Institution executives may authorize that limited services, such as immunizations and injections, and emergency services be provided faculty and staff on a full cost reimbursement basis.

Board Discussion and Action (Public hearing held 10-23-81.)

The Board approved the staff recommendation as presented and adopted the amendments on roll call vote, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry was absent from the meeting at this time.

The Board approved the staff recommendation to approve the request for authorization to offer a program leading to basic endorsement in teaching the handicapped learner at Southern Oregon State College. The following voted in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry was absent from the meeting at this time.

Summary for Meeting Worksheets (12-81-31a; no 12-81-31b)

The trial period for the new Board procedures was designated to extend through the December 1981 Board meeting. It now seems desirable to have a longer trial period before implementing all or part of the new procedures on a permanent basis. Therefore, it was recommended that the Board take the following actions:

1. Direct that the trial period extend through the June 1982 Board meeting, with the understanding that the plan would be reviewed at that time. In the interim, Board members and staff would have an opportunity to make suggestions for possible modifications.

2. Direct that meetings scheduled through June 1982 be designated as regular Board meetings.


4. Continue suspension of Article III, Section 6, Order of Business, of the Board's Bylaws through June 1982 and the use of the order of business approved for the new Board procedures.

5. Continue approval of the implementation of summaries for dockets and minutes as established for the trial period.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry was absent from the meeting at this time.
Summary for Meeting Worksheets (12-81-32a)

Based upon initial planning completed by Architects Chilless Nielsen, the capital construction costs incidental to the proposed remodeling of space within University Hospital North to accommodate improved Radiology Services in the Emergency Department are estimated to be $96,000. Institutional officials have proposed that these costs be financed from the proceeds of Article XI-F(1) bonds expected to be issued early in 1982 consistent with the 1981-1983 authorization for various Hospital and Clinic Rehabilitation and Alterations Projects.

Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge the acceptance of the schematic design phase of planning for the University Hospital North Second Floor Emergency Department Radiology Services Alterations portion of the Hospital and Clinic Rehabilitation and Alterations Projects at the Oregon Health Sciences University and to instruct Chilless Nielsen, Architects, and their consultants to complete the planning for this work based upon a direct construction cost allowance of approximately $72,600.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Perry was absent from the meeting at this time.

The Chancellor reported that numerous communications had been received relative to the several proposals to reduce the budget. A list of those received prior to the Board meeting was distributed to the Board. Others were sent directly to the Board members or arrived during the meeting. A list of all communications received, by category, is included as Supplement A to these minutes.

The Chancellor indicated that the following letter had been sent by Senator Jim Gardner, with the request that it be read to the Board:

Message to Oregon State Board of Higher Education
From Senator Jim Gardner

During the 1981 Legislative Session I had the privilege of serving as chairperson of the Education Subcommittee of the Joint Committee on Ways and Means. As a result of that service, I gained some familiarity with the problems you are now facing. I also gained an appreciation for the critical role that higher education plays in the economy of this state.

I have two basic messages for you as you begin the difficult and painful task of planning potential reductions in the Oregon State System of Higher Education.

First, I would request that you approach your task with a system-wide perspective. It is critically important that the Board have the courage to make the tough decisions that will be necessary to preserve the quality of what, in your judgment, are the highest priority educational programs in the state, even if the consequence is the elimination of valuable but lower-priority programs or, in the extreme situation, institutional closure.

Second, I want you to know that there are a number of us in the Legislature--we hope a majority--who feel that the course the Governor has laid out for dealing with the deficit is irresponsible. Specifically, we feel that his tentative decision to carve the entire $250 million deficit out of higher education, human resources and other state programs is a politically motivated abdication of gubernatorial responsibility.
That is a strong assertion but I feel it is borne out by the inconsistency between the Governor's present posture and his position with respect to revenues and expenditures during the 1981 regular session.

Higher education will play a critically important role in the economic recovery of this state. Without a strong system of higher education we cannot hope to attract the kind of business to Oregon that we so desperately need to provide jobs that are no longer available in the wood products industry.

I want you to know that there are many of us in the Legislature—and again I say that I hope that we are a majority—who will seek to preserve a good system of higher education for the citizens of Oregon, whatever the political cost.

The Chancellor then read the following excerpt from one of two letters received from the Department of Civil Engineering at Oregon State University:

We find many advocates for specialized programs, but where are the advocates for the essence of the university? Who expresses shock that class sizes are so large that students cannot ask questions? Who decries the fact that students and faculty are turned away from libraries because of reduced hours? Who expresses dismay that our finest researchers are forced to become petty administrators hustling grants to provide basic supplies? Who warns of the dangers inherent in faculty and students confining their efforts to narrow specialties to manage their increased assignments while the problems of our society increase in complexity? Who shouts out when our finest students decline a career in higher education and faculty leave because their jobs are too stifling?

Mr. Harms then summarized the contents and number of letters which he had received which contained comments on various program reductions.

The Chancellor said that the recommendations submitted to the Board for budget reductions in no way reflected actions which it was believed should be taken but rather were a response to a directive from the Governor with which the various agencies must comply.

The Chancellor said that rather than cut the budget as proposed in the packages presented to the Board, he would prefer the alternatives listed below in priority order, to dismantling state services:

1. To raise additional revenue in the form of an income tax surcharge and corporate income and excise tax surcharges, or other forms of taxes;

2. To look to the property tax relief program;

3. To impose a pervasive salary reduction on all public employees in Oregon, including local and county employees, public school teachers, community college teachers, state employees generally, and employees in the State System of Higher Education;

4. To spread the budget cuts with necessary public safety exceptions, over all state supported activities, including property tax relief and basic school support.

Finally, to the extent cuts in the budget for the Department of Higher Education are necessary, they should comprise a combination of further program cuts, tuition increases, and staff salary reductions.
The Chancellor then reviewed the circumstances leading to the proposals before the Board. The 1981 Legislative Assembly, in its Budget Report for the Education and General Services budget, admonished the System to tighten admission requirements, reduce enrollments, and reduce program options. It also stated that a high priority should be placed on the preservation of quality.

The Chancellor said it seemed that the Legislature, at that time, was calling for a leaner and smaller System of Higher Education in which quality of education not only would be maintained but also strengthened.

As one consequence of those legislative admonitions, the Chancellor said the Board had approved his proposal that institutions be asked to submit for Board consideration program and budget changes designed to free 4% of the General Fund/Instruction fee component of the Education and General Services budgets. The intent was to reallocate the dollars thus made available to the remaining programs to improve their quality.

The Chancellor indicated that an important component of this reallocation was to be some further effort to move faculty salaries toward a more competitive position. The Chancellor said the Board would be considering the recommendations of the staff in effecting those program and budget changes, estimated to free about $8.5 million. Unfortunately, however, recent events would appear to preclude the reallocation of any of these dollars to the remaining programs.

A combination of a shortfall in tuition income and a shortfall in General Fund revenue estimates have combined to produce, for Education and General Services, reduced resources for the biennium of more than $53 million. Of this amount, $47 million is the share of the General Fund shortfall assigned to the Education and General Services budget.

The Chancellor stated that the Board would be considering a proposal for tuition increases designed to restore the level of the biennial tuition income estimate. Even if the proposal were approved, it would still be necessary to deal with the General Fund shortfall.

The Governor has directed that a package of budget reduction proposals totalling 20% of the General Fund component of the State System budget be submitted to him. In addition to the $47 million share of budget cut proposals for Education and General Services, similar proposals must be submitted for each of the public service activities. The total 20% package for those activities would be $11 million. Thus, the Chancellor said, the State System's total 20% reduction package, was $58 million.

The Chancellor noted that the revised agenda before the Board placed the 20% cuts ahead of consideration of the 4% proposals because it was necessary to have the final 20% package in the Governor's Office by the following day. He indicated that the Board would discover that one component of the first 5% reduction package was an amount slightly in excess of $4,019,468 from the 4% proposal which would be considered later. He said it was assumed that if the Board disapproved elements in the 4% proposals, it would instruct the staff to return to the January Board meeting with substitute proposals, but the total of the 4% proposals would be maintained. To the extent that assumption was inaccurate, it might be necessary to reconsider the 20% cuts after Board action on the 4% proposals.

The Chancellor concluded by indicating that the Governor had scheduled a review of the 20% cut proposals at 1:00 P.M. on December 15, 1981, with slightly less than three hours devoted to the review.

The Board discussed the advisability of considering the 4% cuts before the 20% proposals since the 4% reductions represent a component of the first package of the 20% reduction. Board members expressed preference for considering the 4% reductions first, but they conceded that the time element for submitting the 20% plan to the Governor would preclude reviewing first the specifics of the 4% reductions.
Mr. Lemman then described the summary and the four 5% packages comprising the 20% cut as set forth in the staff report below.

Summary

On November 27, 1981, the Governor officially announced a predicted General Fund revenue shortfall approximating $248.5 million for the current biennium. On November 24, 1981, the Executive Department directed the Department of Higher Education and all other state agencies to propose reductions of 20% of the General Fund budget remaining for 1981-1983. These reduction proposals are to be presented in four packages of five percent each, in priority order, with separate proposals for each appropriation line in the Department. Proposals are to be submitted to the Executive Department on December 11, 1981. The 20% General Fund reductions by program (appropriation line) are as follows:

<table>
<thead>
<tr>
<th>Program</th>
<th>Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education &amp; General Services</td>
<td>$47,094,961</td>
</tr>
<tr>
<td>Agricultural Experiment Station</td>
<td>3,083,136</td>
</tr>
<tr>
<td>Cooperative Extension Service</td>
<td>1,973,461</td>
</tr>
<tr>
<td>Forest Research Laboratory</td>
<td>332,085</td>
</tr>
<tr>
<td>OHSU-Hospital</td>
<td>4,400,131</td>
</tr>
<tr>
<td>Crippled Childrens Division</td>
<td>1,207,179</td>
</tr>
<tr>
<td>Dental Clinics</td>
<td>29,429</td>
</tr>
<tr>
<td>National Direct Student Loan Match</td>
<td>68,462</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$58,188,844</strong></td>
</tr>
</tbody>
</table>

**Education and General Services**

The 20% General Fund reduction target for Education and General Services is $47,094,961. After consultation with the Board’s Finance Committee, institution presidents, and representatives of faculty groups, the following packages are proposed as a response to the Executive Department directive:

**Package #1**  
($11,773,740)

(A further description of items in Package #1 appears on the following page.)

- Item a) Program Reduction  
- Item b) Instruction Fee Income Increases  
- Item c) Other Funds Portion of Pay Adjustment  
- Item d) Summer Session & Other Unidentified  
- Item e) Staff FTE reduction-1.5%

**Package #2**  
($11,773,740)

All staff-faculty, administration, classified, whether the term of service is 9 or 12 months, will be reduced in FTE approximately 6.5% for 1982-83.

**Package #3**  
($11,773,740)

Reduce faculty by 420 FTE and reduce 84 FTE support staff. These staff cuts would require enrollments to be reduced by approximately 5,000 FTE students. Enrollment limitations would be accomplished in part through reduction or closure of selected professional schools and programs and in part through admission restrictions. With the loss of 5,000 FTE students there would be a loss of about $5,000,000 instruction fee income. Therefore, the total expenditure reduction would be $16,773,740 as follows:

- 420 FTE Faculty  
- 84 FTE Support Staff  
- Support Costs
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Package #4  
$11,773,741

Reduce faculty by 420 FTE and reduce 84 FTE support staff. These staff cuts would require enrollments to be reduced by approximately 5,000 FTE students. This would be accomplished through closure of schools and/or institutions and statewide public service divisions along with admission restrictions. With the loss of 5,000 FTE students there would be an approximate loss of $5,000,000 in instruction fee income. Therefore, the total expenditure reduction would be $16,773,741 as follows:

- 420 FTE Faculty: $13,440,000
- 84 FTE Support Staff: $1,260,000
- Support Costs: $2,073,741

Description of Items in Package #1

Item a) Prior to the announcement of a General Fund revenue shortfall, each institution was asked to identify program reductions amounting to 4% of its Education & General Services budget funded from the General Fund and instruction fees. Funds produced by these 4% program reductions were to be reallocated within the institutions to strengthen the remaining programs. With the General Fund shortfall it is now logical that these program reductions previously identified become the first items to be used as General Fund savings. The 4% program reduction targets amount to $8,360,200. However, not all of the $8,360,200 is available to apply to the 20% General Fund shortfall because of two other funding problems. The first is the Legislatively mandated reductions to become effective in 1982-83. The second funding problem is that the Executive Department is proposing to underfund the 1981-1983 salary improvement package for all state employees by 10.89%. This will result in a General Fund shortage of $2,917,126. Because these two budget reductions totalling $4,467,225 will need to be covered in addition to the reductions made necessary by the 20% General Fund revenue shortfall, the first call on the $8,360,200 will be to finance the $4,467,225, leaving $3,892,975 to be applied in package #1.

Item b) Instruction Fee increases are being proposed for Winter term 1982 through Spring term 1983 in the form of surcharges. The surcharges proposed are $25/term at PSU, WOSC, SOSC and EOSC, $50/term at UO, OSU, and OIT and $120/term for medical, dental and veterinary medicine students. These surcharges are projected to generate approximately $9.6 million in 1981-1983. Primarily due to losses in nonresident enrollment, $6.3 million of this additional revenue is necessary to offset instruction fee losses projected for 1981-1983. In addition $825,000 will be allocated to meet underfunding of Other Funds revenue for the 1981-1983 budget. The remaining $2,460,627 is proposed to be applied as an offset to General Fund cuts required in package #1.

Item c) With the anticipated underfunding of the 1981-1983 Salary Improvement Package, 10.89% of instruction fee income which was intended to finance the Other Funds portion of the salary improvement package of $1,436,793 is now available to apply to the 20% General Fund Revenue shortfall.

Item d) The direct costs for the summer session at all the State System institutions combined are nearly 94% self-supported from tuition. It is proposed that $1,000,000 be saved from a combination of making the summer session 100% self-supporting from tuition and from other program reductions or savings yet to be identified.

Item e) A reduction of 1.5% in FTE for all staff is proposed as the final element in the first 5% package to effect a General Fund reduction of $2,856,852.
In presenting the material, Mr. Lemman explained that the method of calculating the 20% was to take the General Fund support approved by the Legislative Assembly, including the amount reserved for salary adjustments and to deduct from that the entire amount appropriated for basic school support, property tax relief, and the HARRP program. The remaining amount was multiplied by 75%, on the assumption that 6 months of the 24 months in the biennium have essentially elapsed. The basis for calculating the proposed reductions was 20% of the remaining number.

The Chancellor mentioned that the proposals represented a change from the presentation made to the Finance Committee in that the salary reduction proposal would represent a reduction in FTE in order to preserve the salary rate. It would involve a reduction in time worked and in pay for all employees. Mr. Lemman did respond to a question about the effect on retirement benefits, indicating that there would be a negative effect on retirement benefits for those persons within three years of retirement. He suggested that it might be possible to seek legislation which would offset this benefit reduction.

Mr. Batiste asked when the Board would be given the impacts of these reductions packages. Mr. Lemman explained some of the impacts and indicated when details would be presented on other matters. It was indicated that packages 3 and 4 contained proposals for elimination of faculty positions. Since there are very few vacant positions remaining in the budget, these would involve actual termination of individuals. It was pointed out that the element of unemployment compensation had not been included in the projections. If all of these positions were eliminated and all of the individuals claimed their full 26 weeks of unemployment compensation, it would be necessary to increase the number of faculty terminated to 480 and the number of support staff to 115 in order to pay for the unemployment compensation costs.

Mr. Lemman concluded his presentation of some of the details of the proposed reduction packages and the Board then turned to consideration of the proposed revision of OAR 580-40-040, Academic Year Fee Book. The staff recommendation follows:

Summary and Staff Recommendation for Meeting Worksheets (12-81-34a)
(Revision of OAR 580-40-040, Academic Year Fee Book)

It was recommended that the Board adopt a temporary rule revising OAR 580-40-040 to add a tuition surcharge effective any term or semester beginning after January 1, 1982, and continuing through Spring Term, 1982, as follows:

All full-time students at Portland State University, Western Oregon State College, Eastern Oregon State College, and Southern Oregon State College - $25 per term;

All full-time students at Oregon Institute of Technology, Oregon State University (except students in veterinary medicine), the University of Oregon and full-time nursing, medical technology, and dental hygiene students at the Oregon Health Sciences University - $50 per term;

Full-time medical and dental students at the Oregon Health Sciences University and veterinary medicine students at Oregon State University - $120 per term;

Surcharges are to be prorated to part-time students in the same relationship which exists with respect to the regular instruction fee;

The semester charge is to be 150% of the charge for one term.

It was further recommended that an informal public hearing be held regarding the proposed temporary rule on tuition surcharges.
Mr. Lemman explained the tuition surcharge proposals and indicated that these charges would leave only about $565,000 as an offset against any loss in enrollment as a result of the increased tuition. He also described the rationale used in making the recommendations, citing specific examples. He said the amounts were established after considerable thought and analysis and were designed to produce dollars while at the same time attempting to be fair to students and to minimize the impact on enrollments.

Mr. Anderson indicated that he was troubled by the fact that in the past tuition has been related somewhat to the cost of instruction and a surcharge seemed to depart from that policy. Mr. Lemman concurred that the nature of a surcharge was simply to raise money and did not extend the well-thought and developed policy that the State System has had for tuition. It is a device to raise additional revenue where it is believed that it can be raised with the least harm to the institutions and the students.

Mr. Anderson commented that surcharges had a way of becoming permanent. Mr. Lemman responded that this was understood. If the higher levels of tuition income were built into some future expectation of state government, perhaps in the 1983-1985 budget, the Board would still have an opportunity to make changes as to how the funds were to be raised. At that time, recommendations would undoubtedly be made to eliminate the surcharges and the policy would be revised to make it more rational over a longer period of time.

In the discussion, the Board considered the impact on professional schools, heard comparative figures from other institutions, and noted that the surcharge and other previous increases represented a very substantial percentage increase for students. While there would be opportunity for further review prior to the adoption of a permanent rule, it was indicated the projections were based on five terms, or their equivalent, rather than on the two terms stated in the temporary rule.

Mr. Lemman pointed out that the 1981-1983 budget plan for higher education has sustained extensive reductions in the level of service in comparison with prior periods. Reductions occurred both in the Governor's recommended budget and the legislatively-authorized budget for the biennium. The forecasted reductions in general revenues portend further program cuts. Were it not for the magnitude of the cuts already taken and those in prospect, it might be possible to bring to the Board alternatives to the tuition surcharge. It is the opinion of staff that students will be better served if tuition is increased somewhat and that money applied to sustain programs, rather than having more severe reductions in programs. He indicated that it would be necessary also for the board to adopt a statement of findings related to the nature of the emergency.

Mr. Weatherford questioned the impact of an increase in nonresident tuition when there had been a drop in nonresident enrollment after the tuition increase this year for those students. Board members also expressed an interest in receiving information about the effect of increases in the State System of Higher Education on enrollment in the community college system. They asked that this information be available for the legislative deliberations.

It was reported that a recent study revealed that there were losses from 1980-81 to 1981-82 of 8.3% in resident freshmen students and 2% in resident sophomores; for nonresidents, there was a loss of 17% for freshmen and 5.7% for sophomores.

It was indicated that there would be public testimony later in the meeting on the packages comprising the reductions for Educational and General Services and the Board proceeded to consider the reductions for the public service programs.

President MacVicar said that the public service activities at Oregon State University were interrelated with the respective academic programs to which they were affiliated. The degree to which the Board changes the Education
and General budget strategy would impact all of these budgets to some extent and would have a continuing effect on the ability of the institution to serve a very important clientele.

Mr. Lemman pointed out that the state-wide public services have different ratios of financing from the General Fund than does Education and General and different ratios of personnel costs to total costs. The second package for these budgets are not entirely salary reductions. These activities have been asked to take the same percentage reduction in FTE as the rest of the staff and to supplement that to the extent necessary with program reductions to make the 5% packages.

The administrators of each of the public service programs described briefly the budget reduction process for that activity. They emphasized that the reduced support would involve a lower level of service, some limitation on research, and deferral of maintenance and repairs. The possibility of user fees or other alternative fund sources were mentioned, although many of these activities do have fees or grant support. It was noted that agriculture and forestry were of particular importance, the former because it is presently one of Oregon's better industries, and the latter because it is experiencing difficulties at the moment.

In presenting the reductions for the public service activities at Oregon Health Sciences University, President Laster commented that they would result in progressive reductions for indigent care which would then have an impact, not only on the Hospital, but on the Medical School itself. Emergencies would be treated, but those not critically ill would be asked to pay. Details of the hospital financing and clinic financing were explained. Board members also explored more fully the effect on indigent care. President Laster said this care often is in conflict with the primary teaching purpose of the Hospital, even though it frequently may be more humane and more important. However, there is no other source of funds available to meet the 20% reductions.

In the Crippled Children's Division, there would be an elimination or deferral of services aimed at doing the least harm for the children involved.

Mr. Lemman presented the student loan program reductions. These funds represent matching funds for federal appropriations. For every dollar cut, $10 of loan money would disappear. Even though federal appropriations are being reduced, all of the money now appropriated as matching funds would be required.

The Board then opened the meeting for public testimony by those who had requested an opportunity to appear.

Representative Margie Hendriksen presented a letter signed by 27 members of the Legislature. The letter indicated that the signers supported higher education and would work to maintain adequate funding in the face of the financial crisis. However, it expressed concern about the process and the criteria being applied to the decision-making about cutbacks. The letter charged that there did not appear to have been a critical assessment of the System as a whole in terms of retention of quality or unique programs or in terms of whether all possible duplicative programs have been eliminated. There has been no apparent discussion about increasing revenue apart from tuition increases. Heavier course loads among tenured faculty have been suggested. There did not appear to have been meaningful public input into the establishment of the criteria or the reductions. The letter concluded by urging that the Board begin to develop immediately criteria and a process that is open to public input and to deal with a System-wide approach that will meet the needs of Oregon's citizens now and in the future.

Mr. Perry said he would appreciate a response from the Chancellor concerning the 4% cuts and the method by which those had been handled. He said it was quite possible there might be some misunderstandings that should be corrected.
The Chancellor said that there had been criteria that had been established. The examinations by the several institutions were coordinated but in the sense that the Vice Chancellor for Academic Affairs and the Vice Presidents for Academic Affairs have been meeting regularly to effect this kind of coordination. The criteria and the coordination might not meet the standards of adequacy of some; it might also be true that it has not been made sufficiently clear that these criteria have been established and the coordination has occurred. He said there may be a widespread view that cuts should have been far more selective in the sense that the institutions should take different cuts. To some extent that has occurred. However, if one makes the assumption that the Board and its staff have done a reasonably good job of equitably distributing resources through the years, then a certain amount of across-the-board cuts to the institutions would be appropriate. The Chancellor said the institutions, in his judgment, had done a very good job of examining their own programs and applying the criteria in order to eliminate those programs which would have the least negative impact upon the public interest. The Chancellor said he recognized the legitimate concern of those who simply did not agree with the result.

The Chancellor said there was some difference of opinion on the intent of the Budget Notes, but he did believe that the State System has complied much more effectively with the legislative admonition than many people had concluded that it had.

While Representative Hendriksen and Board members disagreed about the extent and thoroughness of the planning which had occurred and the statements made in the letter, it was agreed that the goals of both were to support higher education and reduce the disastrous effects of financial crisis as much as possible.

Mr. Wyss asked that Representative Hendriksen convey to the Legislature the criteria established by the Board at its May meeting for reduction of programs. He read the criteria which addressed some of the issues raised by the legislators. He suggested that there might be a lack of communication. Mr. Harms added that the Board had received reports of meaningful faculty involvement and the Board would review the program reductions with the criteria in mind.

He commented that the solutions reached might be ones with which the Legislature or the various constituencies might disagree, but the Board would have applied its best judgment to these criteria. He said he believed they were the same criteria requested of the Board by the Joint Ways and Means Budget Committee Report. Further, there will have been staff review, review by the presidents, and through them faculty input, before final decisions are reached.

Senator Frank Roberts indicated that he had signed the letter and concurred in its statements. He said it was his personal opinion that the process so far had not been what the Subcommittee had hoped it would be, but he indicated this was a matter of judgment. He urged the Board to take the responsibility for radically changing the use of resources with the State System of Higher Education, particularly since it is unlikely that there will be a significant increase in funds available for higher education during the next few years.

Senator Roberts asked that the Board consider the public need served by the Children's Psychiatric Treatment Center and that the Legislature be given an opportunity to consider funding it separately, rather than destroying the program by eliminating it from the budget at this time.

In response to a question from Mr. Ingalls concerning the responsibility for inadequate salaries, Senator Roberts pointed out that the Board has a lump-sum budget and could make a determination to have fewer faculty members by cutting or eliminating programs. There would then be additional money available for salary increases.
Mr. Perry commented that consideration perhaps should be given to a more centralized system than that which was established in 1929. Further, he suggested that a part-time Board may no longer be appropriate and it might be time to consider professional trustees.

Senator Roberts said the entire educational system must be considered as a totality. However, he said he did not think that a super-imposed coordinating council or commission was the answer.

Mrs. Carpenter said the priorities seem to have been somewhat misplaced as to where the revenues should be spent. The Board is attempting to maintain what it feels is best for the System as a whole by retaining access and keeping the institutions at a viable level until such time as they can resume a much more dynamic role.

Senator Roberts concurred in the concept of high quality, easily accessible education, but said the question was one of doing well what could be done with what the taxpayers provide.

Mrs. Carpenter said the prudent and conservative approach of trying to preserve what is presently in existence might be a preferable alternative to radical change.

The Chancellor was asked to comment on the statement that the amounts allocated for salaries could be used to employ fewer people at higher salaries. The Chancellor indicated that in the last two biennia, it was made clear by both the Legislative Fiscal Office and the Executive Department that the amount of the percentages of salary adjustment must be held within the percentage that was equivalent to the negotiated settlement with the classified staff. In the 1981 Legislature, there was a statement in the Budget Notes expressing concern that academic salaries were not competitive. Had it been possible to reallocate dollars as a consequence of the 4% reductions, it is probable that permission would have been granted to allocate them to salaries. That option has been eliminated, and, at least in historical context, the Chancellor said it would not be his interpretation of the legislative posture that there was freedom to redistribute resources to improve salaries.

Mrs. Jo'ey Gardelius, Chairperson of the Parents' Group for the Children's Psychiatric Day Treatment Center of the Oregon Health Sciences University, presented a statement emphasizing the need for immediate treatment for the children in the program. She stated that by providing psychiatric treatment to severely emotionally handicapped children, they are saved from institutional care. Even though education was recognized as the primary mission of the Oregon Health Sciences University, the Board was requested to continue funding for the Treatment Center through the 1982-83 fiscal year, with the clear understanding that the 1983 Legislature would determine the outcome and funding for the program.

Mr. Petersen asked whether the Board was in a sense obligated to continue the program in terms of the historical role of financing of the Center. Mr. Lemman responded that the 1973 appropriation for the program was transferred from the Children's Services Division of the Department of Human Resources to the Health Sciences University for the purpose of establishing and maintaining that Center. Such an allocation is retained for a period of time, but eventually priorities of institutions may change with the result that activities are diminished or enhanced, depending upon the current circumstances. Whether there is a trust obligation to continue such activities would be a matter of judgment rather than law. The judgment probably would be made ultimately by legislative review.

In response to questions, it was indicated there are eleven other treatment programs in the state, but not in the Portland metropolitan area.

Board members expressed sympathy with the concern for continuation of the program and indicated that it was of great importance to those families affected.
Representatives of the Association of Oregon Faculties then testified concerning the salary recommendations included in the proposed cuts. Dr. Fred Waller said faculty opposed cuts for faculty while basic school support remains intact. The Board was urged to consider a reduction in faculty salaries or a forfeiture of next year’s scheduled increase contingent only upon broadly based reductions for all public employees, or at least for all state employees. He said faculty members questioned whether there would be adequate improvement in the economy and they are inclined to believe that hard as the choice may be and as damaging as the consequences, the time may have come for selective reductions or eliminations of some major programs in the State System.

Dr. James Tattersall presented comparative salary tables and cited the difficulty of retaining good faculty members in the face of Oregon’s present and projected salary position in terms of other similar institutions. He said the faculty would advise putting program reduction higher in the budget reduction packages with the anticipation that the quality programs would survive.

Mr. Robert Davis, Executive Director of the Association of Oregon Faculties, said it was the position of that organization that the Board should first urge the Legislature to adopt revenue enhancement. The cuts should be across all General Fund programs. Faculty members disagree with the proposal to the extent that they would prefer program reduction to the continual erosion through either maintenance of the current salary levels or salary reduction.

Mr. Wyss said the Board obviously had not carried its position and attitude about faculty salaries to the Legislature. He did question the statistics in terms of the comparisons of tenured people at the full and associate professor level.

Mr. Jeff Strickler, Student Body President, and Mr. Shawn Dooley, Student Affairs Director, Associated Students of Oregon State University, commented on tuition and the budget cuts. Mr. Strickler expressed concern that the surcharge would be permanent and with elasticity in terms of tuition increases. He noted that tuition was increased last year and many students were unable to return. Students believe that they had an implied contract for this year and resent paying higher tuition when quality is declining. They might be able to afford a minimal increase. However, elasticity must be considered.

Mr. Dooley said students at Oregon State University were willing to reduce access to maintain quality and to pay more tuition to insure that quality. They oppose cuts in faculty salaries because faculty are ultimately the indicators of quality. The Board, not the Legislature, is in the best position to determine long-range goals and should do so. In addition, the Board might shorten terms to make savings and seek the highest possible efficiency in all areas of operation.

Mr. Robert Watrus, Executive Director of the Oregon Student Lobby, urged that the reductions reflect long-range planning and a review of duplication on a system-wide basis, that quality be retained in programs which are continued, and that maximum access be maintained consistent with the objectives of quality within a given level of resources. He also distributed a statement from the Associated Students of Portland State University expressing similar concerns.

Mr. Brian Kelly, a civil engineering technology survey major at Oregon Institute of Technology, also emphasized the interest of students in the maintenance of quality programs. He described the importance of the education available at Oregon Institute of Technology and the quality of the programs.

Mr. Watrus concluded by addressing the issue of elasticity pertaining to enrollments and tuition increases and referred to other factors, both state and federal, which might affect enrollments and tuition income.
Mr. Wyss pointed out that students had stated last year that a 1% tuition increase would result in a 1% decline in enrollment. Tuition was increased by 19% and enrollment of residents decreased only 1.4%. He said there was a relationship, but the elasticity is still unknown.

Mr. Perry commented that there was agreement that quality should be maintained. In order to do that, some shrinkage of the student body will be necessary because in-state students cost the taxpayers of the state. Therefore, it becomes a question of deciding which programs are viable and which can be quality. Mr. Perry said that in future long-range planning the Board should rely more heavily on the community colleges for the lower-division work. Mr. Perry said that even the best economic advisors are not infallible and that there are already signs that some small segments of the economy are beginning to turn. There is room for optimism that higher education may have some real funds by 1985.

Mr. Ingalls asked the Oregon Student Lobby for its opinion as to whether tuition increases should all be the same or should vary. Mr. Watrus said that the Oregon Student Lobby had been supportive of the concept of the cost of instruction and establishing tuition rates as a certain percentage of that cost. Mr. Kelley raised the issue of whether higher tuition at certain institutions would result in more money to be used for technology or equipment at those institutions.

Dr. Alice Carnes, Director of the Museum of Natural History at the University of Oregon, said the program involves the preservation of cultures that are extremely unique. She said it was her opinion the public wants this program because it represents the heritage of the state and its people. Dr. Carnes then described some of the activities of the Museum. She then introduced Mr. Rob Collier, a Nez Perce of the non-treaty band. Mr. Collier indicated that his ancestors were native Oregonians and many artifacts of their culture are available in the Museum. Both Dr. Carnes and Mr. Collier asked the Board to preserve the Museum.

Mr. Roger Auerbach, President of the Oregon Federation of Teachers affiliated with the AFL-CIO, offered the support of that organization in seeking additional revenues through a progressive type of taxation. Mr. Bob Baugh, Secretary-Treasurer of the AFL-CIO, said the organization had always supported higher education in Oregon because it was important to the economic future of the state and in the attraction of new industry.

Ms. Teresa Maurer, Graduate Teaching Fellow in Biology at the University of Oregon, spoke of the spiralling effects of surcharges and the fact that they are discriminatory in terms of who can afford to attend Oregon's public colleges and universities. The reduction in enrollment as a result of the surcharge impacts the local economy which depends on student business. Other citizens may no longer have convenient access to programs which have been eliminated.

Mr. Petersen commented that education was an important aspect of the economic viability of the local communities and the Board should endeavor to communicate this concept more fully.

The Board then agreed to defer decisions on the 20% reduction packages until the following day.
The Chancellor Search Committee approved at its meeting on November 19, 1981, a statement of qualifications and criteria for the position of Chancellor. The Search Committee recommended that the Board adopt the statement as presented below:

The qualifications required of candidates for the chancellorship of the Oregon State System of Higher Education will be judged by the following criteria, without implication of priority order:

-- Knowledge of and sensitivity to political processes and ability to work effectively with the legislative and executive branches of government.

-- Broad experience and achievement in higher education, preferably including teaching and scholarship as well as administration.

-- Demonstrated experience in effective administration of complex organizations.

-- Demonstrated competence in budgetary processes.

-- Possession of an earned terminal degree appropriate to the candidate's academic discipline.

-- Ability to communicate effectively, both orally and in writing as an advocate of higher education.

-- Sensitivity to the diversity of state system institutions.

It is expected that the appointee will have the physical stamina to perform the duties of the office, with the expectation of a reasonable length of service.

The Board approved the Search Committee recommendation as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Anderson was absent from the meeting at this time.

The Board then discussed whether it wanted to interview as a Board both the semi-finalists and the finalists for the position of Chancellor, and also the number of finalists which the Board desired to interview. After some discussion it was agreed that the Board would interview the finalists.

The Board approved a motion by Mr. Petersen that the Search Committee select three to five candidates as finalists and arrange for one-half day interviews by the full Board at a central location such as Portland. Those voting in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Anderson was absent from the meeting at this time.

Mr. Perry said the Search Committee needed some additional direction with regard to the location of the Chancellor's residence because it was felt the previous discussion was not very clear-cut. The Board voted at the last meeting to leave the Chancellor's residence in Eugene, but not all Board members were present. The criteria included knowledge of and sensitivity to political processes. There are strong feelings on the part of some Board members and some of the Search Committee members that a close relationship to the Legislature is essential during the next few years and that the present location may not be as appropriate as it has been in the past. As the Search Committee talks with the semi-finalists, it should know whether the Board wishes the residence to be in Salem or Eugene.
Mr. Batiste mentioned that there had been some consideration of Monmouth previously and for that reason all three alternatives should be considered, if the matter were to be reopened.

It was pointed out that there were arguments for and against each location, including a probable substantial loss of staff and the cost resulting from a change in location. These would be offset by the possible closer relationship with state government and other agencies.

Mr. Harms said it was his belief that the office should be located on a campus and the present situation was satisfactory. However, he said he thought cost alone would dictate that the office should remain where it is for the foreseeable future. He said at the present perhaps the best information that can be given the candidates is to inform them that this possibility of a change exists but the office would remain in Eugene for the present.

Mr. Perry said the most important criterion for the residence of the Chancellor should be what is best for the State System of Higher Education. Once a residence has been established, it is unlikely that it will be changed.

Mr. Lomnicki indicated that he had strong feelings about where the Chancellor should be located because there is a lack of good communication between the State System and the various legislators.

Mr. Wyss said members on the Search Committee were surprised by some of the strong feelings expressed at the Search Committee meetings. It appeared, therefore, that the issue was of such importance that there should be a full debate of the options and the issues.

Mr. Petersen asked that Board members not on the Search Committee be advised of the information available to the Search Committee on this matter.

The Board voted to defer a decision on the residence of the Chancellor for discussion at the January 1982 Board meeting. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Anderson was absent from the meeting at this time.

The Board meeting was recessed at 5:05 P.M. December 10, 1981, to be reconvened at 8:30 A.M. December 11, 1981, at which time it resumed consideration of the proposed budget cuts.

The Board reconvened at 8:30 A.M. on December 11, 1981, and resumed consideration of the 20% budget reduction packages to be presented to the Governor.

The Board discussed whether to take action on certain components of the reduction packages prior to taking action on the total reduction plan. The Board approved a motion to consider the tuition issues first because the increase was one of the major elements in the budget packages and one which might be controversial. The following voted in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.

The Chancellor then described the tuition proposals as previously shown on page 644 of these minutes.

Mr. Perry said a statement had been made during the testimony which implied that the differential charges were levied on the basis of what the traffic would bear. The Chancellor explained that there had been discussion at the Finance Committee meeting about the possibility of selective tuition increases and the desirability of minimizing income losses by virtue of the increases. It was the judgment of the staff that the selective increases proposed for the three institutions and for students in the professional programs would have that effect.
Mr. Anderson said the Board has had a continuing policy of relating tuition to the cost of instruction and it was his opinion that any departure at this point would be unfortunate. He said he could foresee the possibility of future surcharges, and he believed that to create wide differentials among the various institutions would be a serious departure from present policy and a very unfortunate one in presenting the State System situation to the Legislature. He said the Board should direct the Chancellor to prepare a schedule which would relate to the cost of instruction in accordance with past policy.

The Chancellor agreed that there had been a close relationship in the past but it was almost fully abandoned in the 1981 Legislative Assembly when the tuition level was separated from the cost of instruction. It was assumed, therefore, that that relationship was no longer a principle which necessarily should be followed.

Mr. Wyss commented that if the policy in the past was based upon a certain need for raising revenues or a certain philosophy of fairness, and if now there are either temporary or perhaps permanently different pressures on the System, the Board should examine those and decide if it is logical to charge according to market forces, or to have charges which would bring the largest amount of revenue.

Mr. Batiste stated that the cost of instruction was a measure that was very easy to relate, not only to the Board, but to the general public. He expressed his opinion that tuition policy should be related to the cost of instruction.

Mrs. Carpenter said she agreed that the principle of relating tuition to cost of instruction had already been abandoned but she did not think that it should be. She stated further that many students and citizens were not aware that the state pays a substantial portion of the total cost of instruction. By keeping the relationship, even though it is necessary to impose surcharges, there is a rational basis that students and citizens can understand. She pointed out also that the 20% reduction packages affected all segments of the State System. Students were not being asked to bear the total impact of the deficit through increased tuition charges.

Mr. Lomnicki said he had hoped the Board would discuss the impact of the surcharges on the student and the hardships that would be created before considering the level of surcharges. He expressed concern about the effect on enrollment and whether the projected revenues would be achieved from this source. He cited the statistics on tuition increases and enrollment losses during the current year and stated that they showed students were being forced out by the cost. He said students must play a part in generating revenue, as will all other groups, but students have already played a major part in alleviating the financial crisis.

Mr. Anderson said he was troubled by the arbitrariness in establishing the recommended rates. A percentage increase would be fairer. The burden would be shared among all the students and it would indicate that a certain portion of the resources were from tuition and were being distributed equally among the institutions to provide the same quality of education. The cost of instruction does not vary that much among the institutions. To preserve the integrity and quality of all of the institutions, it is essential to base tuition approximately on the cost of instruction. A surcharge based on a percentage would have more equity.

Mr. Weatherford said he was not convinced that tuition increases were inevitable. Offerings are being reduced, class size increased, and in certain instances the quality of education is being jeopardized. Students are uncertain concerning the situation of higher education in Oregon. At the same time, it is proposed to charge students more for that education.
Mr. Harms said he conceded that the proposed tuition rates unquestionably would impose hardships and have an impact on some students. There may be an enrollment loss. However, if the Board failed to increase tuition in the amount requested, disregarding the amount or whether percentages were used, it would be necessary to find an additional $10 million. This would deprive access to another 5,000 students and eliminate 480 more faculty and another 115 staff. He said he questioned whether the students would be benefitted by that action.

Mr. Lomnicki responded that he had always favored quality over quantity but the present proposals would limit access on the basis of ability to pay. He said there could be a better, more equitable way of limiting enrollment.

Mr. Wyss said resident students would be paying 30-31% of the total cost of instruction. The taxpayers are paying the rest and they have indicated that they do not intend to pay more. He pointed out that an additional surcharge to nonresident students would create more losses and it would take 24 resident surcharges to cover the loss of one $3,600 nonresident student.

In response to questions, Mr. Lemman indicated the tuition income at the present level would be $128.5 million for the biennium. The proposed rates would generate $10.1 million and represent an 8% increase. He also suggested possible alternative charges using various combinations of across-the-board charges.

Mr. Harms said his tentative preference would be for an exact dollar amount imposed evenly at all of the institutions to raise the exact amount of money required and no more. He said this would say something about its being a surcharge rather than a device to raise additional revenue.

Mr. Perry said he would tend to support that position and he would hope there would be a very clear statement that the final figures would be reviewed frequently and would be considered a surcharge, which might even be dropped when it was no longer necessary.

Mr. Harms said the Board should continue to support the establishing of tuition as a percentage of the cost of instruction rather than simply being a revenue measure.

It was indicated that if nonresidents were excluded from the surcharge, it would require $49.76 as a surcharge from resident students at all institutions. There was further discussion of the various alternatives.

The Board approved a motion by Mr. Batiste to adopt a temporary rule revising OAR 580-40-040, Academic Year Fee Book, to add a $49 surcharge for resident students only, to be effective any term or semester beginning after January 1, 1982, and continuing through Spring Term 1982. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Ingalls, Perry, Wyss, and Harms. Those voting no: Directors Anderson, Lomnicki, Petersen, and Weatherford.

It was recommended that the Board adopt the following findings and statements required by ORS 183.335(5) for adoption of the temporary rule amending OAR 580-40-040, and that it also adopt the amendment to OAR 580-40-040, Academic Year Fee Book, to insert the $49 surcharge for all residents. The findings, statements, and recommendation follow:

Pursuant to ORS 183.335(5)(a), the Oregon Board of Higher Education finds that adoption of this temporary rule upon abbreviated notice and hearing is necessary because failure to act promptly will result in serious prejudice to the public interest for the following reasons: lowered student enrollment and variations in the anticipated mix of students between resident and nonresident, graduate and undergraduate, etc., have produced a decline in tuition income for the State System of approximately $2,200,000 for 1981-82. Furthermore, anticipated reductions in General Fund revenues predictably will cause
additional erosion of incoming funds which were a part of the original Higher Education budget, creating a need for an additional $1,850,000 which in the judgment of the Board can best be met by the imposition of instruction fee surcharges contemplated by the temporary rule. This loss of income must be offset by increased revenues in order to help to sustain programs which otherwise would be severely curtailed. The magnitude of recent reductions in the Higher Education budget and those anticipated in the near future precludes further resort to alternative devices to offset the decline in tuition income. In order to produce the required income, instruction fee surcharges applicable at all institutions should be put into effect as quickly as possible, which would be with the winter quarter or semester commencing January 1982. This requires the use of a temporary rule because the time required to implement fully the permanent rule notice requirement of ORS 183.335 would preclude adoption of instructional fee surcharges in time for the winter quarter and semester commencing January 1982, thereby either depriving the State System of part of the income needed to offset the decline in tuition receipts, or requiring higher and more disruptive surcharges later. No earlier decision regarding the need for the surcharges and their amount was possible. These findings also constitute the statement of need required by ORS 183.335(5)(c).

Pursuant to ORS 183.335(5)(b), the Board relies upon ORS 351.070, which in relevant part authorizes the Board to set tuition, fees and charges at institutions under its jurisdiction.

The following constitute the documents, reports and studies prepared by and relied upon by the Board in considering the need for and preparing the rule, which are available to public inspection at the office of the Secretary of the Board, Johnson Hall, University of Oregon, Eugene, Oregon:

1. The 1981-1983 biennial budget for the Department of Higher Education as approved by the Legislative Assembly.

2. The 1981-82 annual budget of the Department of Higher Education as approved by the Board.


It was moved that the Board adopt a temporary rule revising OAR 580-40-040 to add a tuition surcharge effective any term or semester beginning after January 1, 1982, and continuing through Spring Term 1982 as follows:

All resident students at all institutions - $49 per term.

Surcharges are to be prorated to part-time students in the same relationship which exists with respect to the regular instruction fee;

The semester charge is to be 150% of the charge for one term.

The Board adopted the findings, required statements and the amendment as recommended. On roll call vote the following voted in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Perry, Wyss, and Harms. Those voting no: Directors Lomnicki, Petersen, and Weatherford.

Mr. Harms then invited the Chancellor to comment in view of the public testimony heard on the previous day.

The Chancellor indicated that his statement was more of a rationale for the sequence of the packages that were being presented. He said the State System has been chronically underfunded for at least the last decade. Tuition is currently high and the action approving the surcharge would place it among the highest levels for public colleges and universities. Faculty salaries have fallen substantially below competitive levels. Library acquisition and staffing levels are inadequate. The physical plant is
inadequately maintained, and support services and services and supplies are grossly under-financed. The Chancellor said he believed personally that only two alternatives are available to correct this chronic underfunding. The first is a change in the revenue structure of the state to produce more dollars for the Department of Higher Education. The second is a shift in the state's priorities so that there might be more money from the current revenue available to be assigned to higher education. The alternative to either of these proposals is to begin the dismantling of major professional schools and other programs and eventually the closing of institutions.

The Chancellor said the decision that this chronic underfunding represents a relatively permanent level of support for higher education must be a political decision which he did not believe had been made yet. Representative Hendrickson and Senator Roberts had expressed the view that this decision had been made and the process of eliminating programs and schools should begin. The Chancellor said that decision had not been communicated to him and he did not believe it had been made. If Oregon is to decide on a lower level of public four-year education for Oregonians—a level substantially below the level represented by most other states—then the decision should be a conscious one. State government should advise the State Department of Higher Education of that decision. The Board should not be asked to make the decision to reduce permanently the level of the Department.

The sequence and the content of the 5% packages were designed to permit the Governor and the 1982 Special Session to instruct the Board as to the state's educational aspirations. Going to a relatively permanent current level of support will affect the quality of life in Oregon and its economic health. It will affect the capacity of the state to recover from the present recession. That decision, therefore, should be made by state government through the legislative process, not by the Board of Higher Education. If the 1982 Special Session should instruct that it wants to take that course of a permanent level of support, it will not be too late, in February for example, to revise the sequence and the content of the 20% budget reduction packages. The sequence built into those packages continues to represent the best judgment of the staff.

Mr. Perry agreed that the political decision has not been made. He said he was unsure what the role of the Board is in encouraging the Legislature to make it but the situation will remain uncertain until someone does make a decision.

Mr. Harms commented that the testimony from the legislators was similar to statements made in the 1981 Legislature. It is apparent that when the Legislature says that the Board must make hard decisions, it really means that they do not agree with the hard decisions that the Board has made.

In response to a question, the Chancellor commented on the Budget Note. Two paragraphs speak to the issues under discussion. They direct the State System to reduce enrollments, to reduce programs, and to raise admission requirements. All of these actions are in process. The Budget Note does not state that these reductions should be made to a greater extent in one institutions than in another. However, the proposal before the Board does make that differentiation to some extent in terms of Eastern Oregon State College. The Chancellor said that in his judgment the 4% cuts, totalling $8.5 million represent permanent reductions in the State System and were in response to the legislative admonition. The 4% reductions essentially go as far as possible in making reductions without eliminating major programs and professional schools. At the full 20% level, the closure of institutions probably would have to be considered.

Mr. Wyss stated that the Board should make it clear that it was very positive about the need for higher education and about its being in the best interests of the people of the state. Secondly, if the Board could agree upon a more positive long-term plan, with some specifics, and then pledge to work toward its goals, it would be more difficult for those who have been critical to ignore such planning.
Mr. Batiste said that he wanted to be certain that the proposals for program elimination had received a thorough, independent review by the Chancellor's Office and also to know what criteria were used in making the review.

Mr. Petersen commented that the 4% reduction proposals appeared to be across-the-board for all institutions with the exception of Eastern Oregon State College. He said he opposed across-the-board cuts and cited the medical technology program at Oregon Health Sciences University. There is a demonstrated need for 60-70 jobs annually. If the program were eliminated at the Oregon Health Sciences University, the training for medical technologists would be provided by a single hospital with a capacity to train 18 persons a year. At the same time, President Laster has no alternatives. Mr. Petersen suggested that rather than adopting the package as it was proposed, the Board address the issue of duplication. For example, the Board should consider seriously the closure of one of the schools of education at one of the universities. That program can be provided at any one of the other institutions instead of the one which might be closed. Such action would eliminate much of the piecemeal approach which leads to mediocrity. He urged the Board to eliminate something major that could be provided elsewhere rather than pruning strong functioning parts that were vital to the whole. Mr. Petersen also questioned whether there was real understanding of how the institutions are managed because he had noted wide variations in the organization charts for the eight institutions. A review of the management structure, perhaps by a management consultant, might be useful.

Mr. Perry commented that the Board had been criticized because of what has been termed relatively ineffective long-range planning. However, the only way long-range planning can be effective is for the authoritative body to establish the corporate goals, and then to develop the long-range planning within the framework of those goals.

It was moved that Package 1 be approved, with the understanding that there would be program reductions but the specifics were not being approved at that point. The 4% reductions in Package 1 represent those developed at the institutions and which have been reviewed and approved by the Chancellor's Office and submitted to the Board. The Board would not be acting upon them in approving the motion and if the Board did not do so, it would be necessary for the Board to make program reductions in other areas. In considering some of the timing implications if the specific 4% proposals were not approved later in the meeting, it was stated that if the Special Session did not approve the 1982-83 budget for higher education, it would be expected that that budget would be approved by the Emergency Board at some later time.

The Board approved the motion to submit Package 1 to the Governor, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.

The Board then discussed Package 2 consisting of a reduction of approximately 6.5% for all faculty, staff, administration and classified personnel. The Board briefly discussed the possibility of reversing packages 2 and 3 or grouping the last three packages.

The Board approved Package 2 for submission to the Governor, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.

After a brief clarification of the legal requirements with respect to terminations, the Board approved Package 3 for submission to the Governor, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.
In the consideration of Package 4, it was agreed that the word "possibly" should be inserted in connection with the closure of institutions. The Board approved Package 4 for submission to the Governor, with the following voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.

The Board then proceeded to consider the priority order of the packages. It was moved by Mr. Petersen, and seconded by Mr. Batiste, that Package 2 and Package 3 be reversed. Mr. Petersen said the motion was introduced to provide an opportunity for discussion of the request of the faculty.

The Chancellor explained that Package 2 had been recommended ahead of Package 3 because if Package 3 became Package 2, the process of closing major programs and schools would begin sooner in the budget reduction process. Implementation of Package 3 would cause more harm to the State System than would implementation of Package 2.

Mr. Lomnicki said he was concerned with whether economists view the present situation as a long or short economic slump. He would be more inclined to support the reversal if the recession were to be of longer duration.

Mr. Perry said he would rather stall for time by taking a salary cut, even though he agreed salaries were not satisfactory, because he was not willing to say it would be a long-range depression. The quality of the faculty, in general, is excellent, Mr. Perry said, and it was his belief there would be less loss of better people by not reversing the packages.

Mrs. Carpenter commented that there was an enormous discrepancy in the support for higher education as compared with public education in Oregon. She said she would favor keeping Package 2 in its present position.

Mr. Ingalls said leaving Package 2 in the second priority would do more to damage faculty morale than any one thing the Board might do. If the assessment that the final cut would be approximately at the 10% level was correct, he favored reversing Packages 2 and 3.

President MacVicar said all of these recommendations, with the possible exception of the 4% reductions, represented negative and inappropriate actions. However, if the Board really believed that the budget would be reduced beyond 5% into the range of 8-10%, a change in the priority order of Packages 2 and 3 would require that abruptly, without adequate opportunity for planning, very substantial segments of the institutions would have to be eliminated. He indicated that it was his understanding that during the Great Depression, faculty members at Oregon State University had accepted a reduction in salary to prevent unemployment of many of their colleagues. He said if he had to make a choice between receiving a little less compensation for himself and his colleagues, while at the same time there is scheduled for July 1 a 6% salary increase which will be largely offset by the reduction in FTE, he would agree with the strategy of buying time. It would be necessary to terminate people very quickly in order to save money. To deny access to 5,000 students would mean denying entry to a substantial portion of the total students entering the System in any given year. President MacVicar urged the Board to support the staff and the presidents in the best judgment they could bring to bear on the solution to this very difficult problem. He also said he disagreed with the faculty who said cut programs and questioned how many of them actually believed their programs would be cut. He said he was not sure that those who voiced this solution represented all faculty.

Mr. Batiste said all of these issues were very painful and the Legislature must be made to see how painful it is and what is involved.

President Blumel said his sense of faculty opinion was that it was very divided on the issue of pay reduction versus layoffs. The Faculty Senate at Portland State University has adopted a resolution calling for the shortening of one academic term and a reduction in pay for all members of the institution. This was a significant statement by a representative faculty group.
President Light said he agreed with President MacVicar. Oregon Institute of Technology already has cut programs and further eliminations would cut into some of the best programs at the institution.

President Olum proposed making Packages 2 and 3 the same and trying to develop the specifics of the reductions by the time the Legislature meets. He said he could not believe the Legislature would go that far. However, at the same time, the proposal for a salary cut was equally intolerable. The salary cut would be kept separate as an alternative to his proposed Package 2. President Olum indicated his reason for separating the salary cut was to involve the faculty, and that it was his opinion the faculty would make that choice rather than the reduction which would be involved in his proposed Package 2. The morale factor of letting the faculty decide rather than imposing the cuts from above would be significantly better.

President Blume! commented that some institutions were at the point of issuing termination notices to faculty. If that is the situation now, it should say something about what the devastation to the institutions would be if it were necessary to engage in further program reductions or program eliminations.

President Laster said there was ample devastation in the 4% cuts which were expected to occur. It contains reductions and surgical excisions of enormous magnitude, and to go beyond that with further program reduction would be catastrophic. He indicated that in discussions with the faculty, it was his impression that given a choice between closing programs and making temporary personal sacrifice, they would lean toward the personal sacrifice. In fact, some entire faculties already have asked whether they had a right to take a voluntary reduction to save the positions of colleagues. There was a feeling that such an action should be shared throughout state government and a desire to be assured that adequate consideration had been given to other alternatives within the State System. He said it may be inevitable that the budget discussions generate anxiety. By placing Package 3 in a higher position, that anxiety is increased because there is some hope that the cuts may not reach as far as Package 3. Additional uncertainty creates a situation that may do serious damage through defections of some of the best faculty to other institutions which are not having financial problems.

President Leinwand said his faculty were angry because the position of the Association of Oregon Faculties did not appear to represent the views of the majority of the faculty at Western Oregon State College who would clearly prefer to make sacrifices rather than discharge colleagues. The information was not a specific vote but seemed to be the prevailing mood.

President Leinwand said his faculty were also angry that the 4% cuts, while seemingly equal were not equitable. They have, in effect, taken a reduction of 19.75 positions, which is probably a larger percentage of the total faculty than at any other institutions. Of those positions, 12 are tenured. Package 2 in its present priority was clearly the one that should be adopted by the Board.

President Sicuro suggested submitting to the Governor the two alternatives in Packages 2, 3, and 4 without making a decision at this time, but letting the Legislature decide.

The Board defeated the motion to reverse Packages 2 and 3. Director Batiste voted in favor of the motion. Directors Anderson, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms were opposed.

The Board then approved a motion to send the four packages to the Governor in the priority order recommended by the staff. The following voted in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.
The Board approved a motion to submit the proposals recommended by the staff with respect to the Statewide Public Services. The amounts were shown in the summary recommendation and the detailed reductions were described in material presented to the Board. A copy is on file in the Board's Office. It was indicated that the motion would include the reductions for the National Direct Student Loan program, which technically is not a statewide public service. The staff was instructed to inform the Governor and the Legislature that a reduction in the funds for this program involved a substantially larger loss of federal money. Those voting in favor: Directors Anderson, Batiste, Carpenter, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None.

Summary and Staff Recommendation for Meeting Worksheets (12-81-33a)

The Chancellor recommended:

1. That the Board accept plans for reduction and elimination of instructional, research, and public service programs of the Oregon State System of Higher Education, and reductions in administrative and support services for these programs, effective 1982-83, as outlined in the Staff Report; and

2. That the Board authorize the institutions to eliminate or accomplish program reduction by suspension of the degree programs, major options, teacher certification programs, centers, institutes, and public services indicated below, effective 1982-83:

(The detailed plans are on file in the Board's Office.)

Programs to be terminated:

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<th>Program</th>
<th>Institution</th>
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<td>Arts and Sciences</td>
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<tr>
<td>Specialization in History of Science</td>
<td>OSU</td>
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<td>in MA/MS/PhD in General Science</td>
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<td>Agriculture</td>
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<td>Specialization in Poultry Genetics in</td>
<td>OSU</td>
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<td>MS/PhD in Poultry Science</td>
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<tr>
<td>Architecture &amp; Landscape Architecture</td>
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<tr>
<td>Instruction in and department of Architecture</td>
<td>OSU</td>
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<td>and Landscape Architecture, retaining service courses only.</td>
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<tr>
<td>Business Administration</td>
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<td>Option in Administrative Office Management</td>
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<tr>
<td>in BA/BS in Business</td>
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<tr>
<td>BS in Administrative Management</td>
<td>OSU</td>
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<tr>
<td>BA/BS in Business Environment</td>
<td>UO</td>
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<tr>
<td>BA/BS in Business and Construction</td>
<td>UO</td>
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<td>AS in Medical-Dental Receptionist</td>
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<th>Program</th>
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<td>Community Service and Public Affairs</td>
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<tr>
<td>BA/BS in Community Service</td>
<td>UO</td>
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<tr>
<td>BA/BS in Fire Service Administration</td>
<td>SOSC</td>
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Education

Basic Endorsement in:
- Foreign Language
- Journalism
- Art
- Speech Communication
- Drama
- Language Arts-Social Studies
- Physical Science

OSU
OSU
OSU
OSU
OSU
OSU
WOSC

Standard Endorsement in:
- Physical Science

WOSC

MAT/MST in Art, Theatre Arts, Speech Communication, Biology, Chemistry, Physics, Earth Science, Economics, Geography, History, Political Science, Sociology, Elementary Education. (The MAT/MST in General Arts and Letters, General Science and General Social Science, as well as the MA/MS in Education will be retained.)

PSU

Health

Community Health option, BA/BS in Health (consolidated with School Health into combined program in Health Education).

OSU

BS/Certificate in Medical Technology.

OHSU

Centers, Institute, Public Service Activities

Museum of Natural History.
Middle East Studies Center (certificate program will be retained).
Futures Research Institute.
Women's Studies Center (certificate program will be retained).
Center for the Moving Image.

UO
PSU
PSU
PSU
PSU

Program reduction by suspension of:

Basic Endorsement in Journalism.
Basic and Standard Endorsements in Language Arts-Social Studies
Option in Social Work in BA/BS in Sociology.
Institute for Policy Studies.
Psychiatric Day Treatment Center.

PSU, WOSC
WOSC
SOSC
PSU
OHSU

NOTE: Terminations of the following programs, included in the planned program reductions/eliminations effective 1982-83, have already been approved by the Board.

<table>
<thead>
<tr>
<th>Program</th>
<th>Institution</th>
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<tr>
<td>Certification and AAS in Dental Assisting</td>
<td>OIT</td>
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<tr>
<td>AAS in Environmental Health</td>
<td>OIT</td>
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<tr>
<td>BS option and AAS in Automotive Technology</td>
<td>OIT</td>
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<tr>
<td>AAS in Welding Processes</td>
<td>OIT</td>
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<tr>
<td>AAS in Gunsmithing</td>
<td>OIT</td>
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<tr>
<td>BS in Environmental Technology</td>
<td>OIT</td>
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The brief summary descriptions follow.
**Brief Summary Description of Programs To Be Eliminated or Reduced by Suspension**

**Specialization in History of Science, MA/MS/PhD in General Science, OSU**

Oregon State University offers interdisciplinary graduate programs in general science leading to the MA/MS/PhD degrees. Students enrolling in the programs may specialize in biological science, physical science, history of science, or radiation science or may develop individualized interdisciplinary programs. The programs prepare graduates for college teaching, usually at the community college level, or interdisciplinary research. Most of the science departments of Oregon community colleges were developed by graduates of the Oregon State University department of general science.

The period of expansion of opportunities for employment in college teaching is over in Oregon and elsewhere. Enrollment in fall 1981-82 in programs with specialization in history of science has declined to three doctoral students, all of whom have completed the majority of course work required for the degree; one master's degree student; and three students completing MA in Interdisciplinary Studies degree programs with history of science as one area of study. The program can be phased out expeditiously and without disadvantage to the students presently enrolled. Elimination of the program and the major portion of instruction in history of science will eliminate three faculty positions and save $70,000 in 1982-83.

**Specialization in Poultry Genetics, MAgr/MS/PhD in Poultry Science, OSU**

Oregon State University offers the MAgr/MS/PhD degrees in poultry science with emphases in nutrition, genetics, physiology, and management. The master's degree has been offered almost since the department's inception, in 1916; the first doctoral degree was awarded in 1966.

The graduate program in poultry science is the only specialized program in this field in the Northwest. The program is small, enrolling 5-10 master's degree and 5-8 doctoral students each year. Most of the students in recent years have specialized in poultry nutrition and management. However, one doctorate in poultry genetics was granted in 1981 and one student has completed all of his work and will receive his PhD degree June 1982.

The department faculty consists of four professors, all of whom hold joint appointments with the Agricultural Experiment Station and/or the Extension Service. In view of the straitened financial situation of the state, and as a result of reordering of research priorities in the field of poultry science, Oregon State is proposing to reduce its specialists in this area by eliminating the joint position of poultry geneticist. This reduction will result, in the instructional department, in the elimination of .12 faculty FTE, one course (P 441, Poultry Breeding (g)), and Research and Thesis supervision in this subject.

**Department of Architecture and Landscape Architecture, OSU**

Instruction in architecture and landscape architecture at Oregon State University has served a service function since 1932. Courses offered by the department provide transfer to the University of Oregon professional programs at the upper-division level, support the landscape construction and maintenance degree program in horticulture, and serve students enrolled in home economics in housing and interior merchandising. A principal use of the courses, in recent years, however, has been as a component of an interdisciplinary program leading to the BA/BS degree in liberal studies. This has not been a completely satisfactory arrangement and the numbers of students following this pattern have deceased, from 20 graduates a year to 10 graduates, June 1981.

In view of the fact that the department does not have a degree program for its students, and is, in fact, the only separately organized service department in the University, Oregon State proposes to eliminate the department as an instructional unit. Courses required in major programs of study elsewhere in the University will be transferred to these units. Courses not so required will be eliminated.
Elimination of the department as a separately organized instructional unit and all course work not required in support of authorized programs elsewhere in the institution is expected to reduce 7.18 FTE faculty and .75 classified positions and save the institution $237,600 in 1982-83. The students who have been using course work in landscape design to complete a liberal studies degree program will need to enroll in one of Oregon State's other major programs or seek admission to the professional program at the University of Oregon.

Option in Administrative Office Management, SOSC
BS in Administrative Management, OSU
AS in Medical-Dental Receptionist, SOSC

The administrative office management programs at SOSC and OSU prepare graduates for supervisory positions in administrative support and office systems. Students complete core work in business administration and then, instead of specializing in accounting, production, marketing, finance, or some other area of business, they complete courses in office skills, records management and data retrieval, office systems, office management.

The numbers of students enrolling in the program in administrative management at Oregon State University has dropped in recent years to approximately 20 juniors and seniors each year. Southern Oregon State College enrolls about 60 students a year in the program, about 20 of whom are at the upper-division level. Graduates number 30 students a year: 10 students each from the baccalaureate program and 10 student from the associate degree program at SOSC.

Both institutions will retain courses needed to prepare business education teachers, and these courses will enable SOSC to continue its associate degree program in administrative office management. However, loss of advanced instruction in transcription of specialized material will force SOSC to eliminate its AS degree program in medical-dental receptionist.

Elimination of the administrative management program will save .50 FTE staff in 1982-83 at Oregon State University, and 1.00 FTE staff at Southern Oregon State College.

BA/BS in Business Administration: Business Environment, UO
BA/BS in Business and Construction, UO

The college of business administration at the University of Oregon is reviewing its programs to determine whether it is possible to eliminate some major options. Reductions in the numbers of major options (areas of specialization) could assist the school in resolving its serious staffing problems.

Authorization is now requested to eliminate two major programs, the BA/BS in business administration: business environment and the BA/BS in business and construction.

The program in business environment was designed to enable students to gain a perspective of the administrative decision-making process and an understanding of the relationships between business firms and the economic, legal, social, ethical, and political environments in which they function. Major requirements, in addition to core requirements for all business administration majors, include upper-division courses in financial systems, legal aspects of business regulation, business enterprise and social responsibility, business fluctuations and planning, and business policies, supplemented by approved electives. The program never attracted large enrollments. In recent years, enrollment has declined to a point suggesting that the school should no longer devote time to this option.

The program in business and construction is a five-year joint program offered by the school of architecture and the college of business. Approximately one-third of the student's work is completed in the school of architecture, one-third in business administration, and one-third in liberal arts. The program has been attractive to students and employers.
In 1978, a special faculty committee appointed by the school of architecture to evaluate the program in business and construction reported that the program was seriously deficient in the general area of construction. Since the new and revised course work recommended by the review committee would require the employment of 1.5 to 2.0 FTE specialized faculty, it was decided that, until funds for these positions should become available, no new students should be admitted to the program. The 80 students currently enrolled were to be permitted to complete their programs and receive their degrees. The students are finishing their programs: three students graduated in 1978-79, 8 in 1979-80, and 9 in 1980-81.

The School of Engineering at Oregon State University has continued to offer a program in construction engineering management, serving some of the same student and employment needs. Enrollment in this program has more than doubled in the last three years, from 47 upper-division students fall term 1978-79 to 116 fall term 1980-81.

Elimination of the business environment and business and construction programs will permit the savings of 1.00 FTE in the college of business, effective 1982-83.

BA/BS in Community Service, UO
BA/BS in Fire Services Administration, SOSC
Suspension of Option in Social Work, BA/BS in Sociology, SOSC

BA/BS in Community Service, UO. The University of Oregon requests authorization to eliminate its BA/BS degree program in community service. In the past, students enrolled in the school of community service and public affairs have been permitted to follow different curricula, depending on their areas of interest, e.g., social work, public affairs, community service. CSPA has now reorganized its curricula commensurate with reduced faculty resources so that all students complete a basic core program. Specialization is achieved through a minimum of 18 credit hours of restricted electives and a 3-15 hour senior project.

With this reorganization, the University of Oregon requests authorization to eliminate the BA/BS degree program in community service. All graduates in the future will graduate from the integrated program.

The numbers of students enrolled in the upper-division program in CSPA has dropped in the past two years. In 1978-79, 161 students were enrolled; 131 in 1979-80; 146 in 1980-81. About one-third of these students have indicated interest in the community service area.

Elimination of the separately organized degree program will permit elimination of 1.30 faculty FTE in 1982-83.

BA/BS in Fire Services Administration, SOSC. The program in Fire Services Administration at Southern Oregon State College is an upper-division joint degree program offered by Western Oregon State College, Southern Oregon State College, and Eastern Oregon State College for persons who have completed a 24-credit-hour fire services curriculum in a community college. The upper-division major consists of 21 credit hours of professional fire services courses and 27 hours of social science course work selected with the help of the program adviser. The entire curriculum is approved by the Oregon State Fire Standards and Accreditation Board. The professional courses required for the major may be completed through concentrated institute-type courses or correspondence study. Social science and general education requirements may be completed on one of the participating campuses. The residence requirement may be met with course work from any of the participating campuses.

There has been little interest in the program in the southern Oregon region and Southern Oregon State College requests authorization to withdraw from its advisory and administrative obligations. Eastern Oregon State College and Western Oregon State College will continue to offer the program. The specialized upper-division courses in fire services administration are generally
offered in a schedule convenient to fire personnel under the self-support budget. Enrollment in these courses has been good. However, few students complete the social science and general education requirements of the degree.

Elimination of the program at Southern Oregon State College will not result in savings in 1982-83 because no faculty time has been budgeted to this activity this biennium.

Option in Social Work, SOSC. Suspension of the option in social work leading to the BA/BS degree in sociology at Southern Oregon State College will also result in no savings in 1982-83. This option has been a popular program at SOSC, with some 75 students enrolled each year. An unexpected faculty resignation last year caused SOSC to notify students that the program was being suspended. The institution now requests that this suspension be approved. Savings of 1.00 FTE faculty were made in the 1980-81 year.

Education

The effect of program eliminations and suspensions in teacher education is described in the staff report section of these minutes.

All of these programs have small enrollments, so the savings in the departments are not large. But some savings are accomplished.

Reference is made in the docket to the declining use of MAT/MST program at Portland State University. More detailed information is provided in the following table:

### DEGREES AWARDED ANNUALLY IN MAT/MST PROGRAMS PROPOSED FOR ELIMINATION

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Health

Community Health Option, OSU. Oregon State University requests authorization to reduce specialized course offerings and student advising in the area of health by eliminating the community health option in its BA/BS degree program in health. The program will be combined with the program in school health to create a single program in health education. It is not expected that this action will reduce the number of students majoring in health at OSU, but it will save .50 FTE faculty position.

BS/Certificate in Medical Technology, OHSU. The elimination of the program in medical technology at the Oregon Health Science University is a major program reduction.
The medical technology program is a 12-month AMA-approved program qualifying graduates to sit for the certifying examination administered by the American Council of Clinical Pathologists' Board of Registry.

Students entering the OHSU program on the basis of a three-year preprofessional program are awarded the BS degree in medical technology upon completion of their professional training. Students entering the program on the basis of a baccalaureate degree receive a certificate in medical technology. The preprofessional program may be completed at any liberal arts college or university. At least 200 students are presently enrolled in pre-medical technology programs in State System institutions. Preprofessional programs are also offered in Oregon's independent colleges and universities.

Approximately 30 students each year are admitted to the Oregon Health Sciences University program. Private hospitals in Oregon provide opportunities for 18 students.

Graduates from Oregon's private hospital programs will not meet Oregon's needs for qualified medical technologists, estimated by the State Department of Employment at 127 job openings a year. Nor will the private programs begin to provide professional training for the numbers of students qualified to enter this training.

Nonetheless, the University finds it necessary to request authorization to eliminate the program in medical technology offered by its school of medicine. The University has pledged itself to examine whether it will be possible to operate a smaller, perhaps 12-20 student program in the University Hospital, with support of student and patient fees.

Centers, Institutions, Public Service Activities

Museum of Natural History, UO. The Museum of Natural History houses collections built up over many years by professors and students working in the fields of anthropology, botany, geology, paleontology, and zoology. Among the better known collections are the private collection of fossils of Thomas Condon, the first professor of geology at the University; a botanical library, begun by Professor A. R. Sweetser at the turn of the century and built to its present extent by Curator LeRoy Detling; and extensive collections of prehistoric artifacts of southeastern Oregon, developed by Dr. Luther Cressman.

Closing the museum will restrict use of the museum by students and professors and will eliminate public access and educational services. Savings in 1982-83 are estimated as $45,000, and a reduction of 1.50 academic FTE.

Middle East Studies Center, PSU. The Middle East Studies Center offers courses in languages and area studies of the Middle East and administers the Middle East studies certificate program. The Center serves some public service and informational functions, but its primary purpose is instructional. Portland State University does not believe student interest justifies continuation of the Center as a separately organized instructional unit. Instruction in Hebrew and Arabic languages will be continued at a reduced level in the foreign language department. Instruction in Turkish and Persian will be suspended. The certificate program in Middle East studies will be continued, with advising provided through Portland State University's regular instructional departments.

It is anticipated that elimination of the Center, and the reduction of offerings in the Middle East languages, will save 4.00 faculty FTE, $125,900, in 1982-83.

Futures Research Institute, PSU. The Futures Research Institute is an adjunct to Portland State University's interdisciplinary PhD program in Systems Science. The Institute encourages and undertakes studies,
conferences, and other projects in the area of forecasting and futures studies. While useful, these activities are not essential to the doctorate program. Elimination of the Institute will save .65 faculty and .50 classified FTE for a total savings in 1982-83 of $43,700.

Women's Studies Center, PSU. The Women's Studies Center was established fall term 1975-76 to administer the newly approved certificate program in women's studies and to encourage the development of courses within the traditional disciplines giving appropriate place to women's roles and interests. The Center is staffed by 1.00 faculty and .50 classified positions. Portland State University proposes to retain the women's studies certificate program, with .33 academic FTE time assigned to the administration of the program and student advising, but to eliminate the Women's Studies Center as a separately organized unit.

Center for the Moving Image, PSU. The Center for the Moving Image is a separately organized instructional unit which, despite its small staff, has developed a reputation for outstanding scholarship and technical instruction in the film, filmmaking, and basic television production and understanding. The Center does not offer a formal degree or certificate program. A number of the students who have completed courses offered by the Center have achieved prominence in the growing northwest film industry. Others are gainfully employed in industry centers in New York and Los Angeles. The excellence of the work of the Center is unquestioned. However, staffing of the Center is minimal and there is little likelihood that Portland State University will be able to allocate resources needed to develop the program adequately in the coming years. In view of this, the University is proposing to eliminate the Center and most of its instructional program for a saving in 1982-83 of 1.67 academic and .50 classified FTE, and a dollar saving of $70,900.

Institute for Policy Studies, PSU. Portland State University requests authorization to suspend the Institute for Policy Studies. The Institute is a public service organization for decision makers of Oregon's state and local governments and private enterprises and groups. It seeks to identify issues critical to the state's economic, social, and natural systems, and then conducts conferences, publishes papers, and sponsors other appropriate programs to bring its audience in contact with the best information and thinking on these subjects. The Institute is staffed by 3.34 academic and 1.00 classified personnel. The University believes it cannot justify retention of the Institute as central to its mission, but requests authorization to reduce the Institute's activities by suspension, rather than elimination, with the hope that the programs can be re-established at some future time. Suspending the Institute will save $123,000 in 1982-83.

Psychiatric Day Treatment Center, OHSU. The Psychiatric Day Treatment Center serves 24 severely emotionally handicapped children, ages 3 to 9, who cannot be trained in the special education classes of the metropolitan area public schools. The Center serves principally as a service program of a highly specialized nature, and, while it has served as a training site for some medical students and residents, it is not essential to the instructional programs of the school of medicine. However in view of the importance of the center's service to the children and their families, and to society, it is recommended that the service be suspended rather than eliminated. This action will eliminate 15.60 FTE faculty positions and save $416,900 in 1982-83.
Board Discussion and Action

Mrs. Kahananui indicated that development of these proposals began immediately after the May Board meeting, at which time the Board enunciated some criteria for the task. This was followed by additional advice, recommendations and instructions from the Budget Report of the Ways and Means Committee. Both the Board and the Legislature indicated there should be meaningful faculty involvement in reaching these decisions. This was entirely appropriate because the faculty of the institutions know more about the criteria, the strengths and weaknesses, and centrality to the mission of the institution than could possibly be known by someone remote from the instructional process. Curricular recommendations over the years have almost always originated with the faculties of the institutions and progressed through regular curricular review procedures to the Board.

The involvement of the Board's staff in the recommendations presented was described. Because of the necessity to bring recommendations to the Board, reactions were sought from the institutions to possible program eliminations and reductions. Some self-studies were initiated, including one of teacher education. Mrs. Kahananui pointed out that enrollment in teacher education has been reduced 50% over the last ten years and in some instances, the State System is not producing enough secondary teachers in certain fields to meet the needs of the state of Oregon. By September 15, the presidents had conferred with the Chancellor and the appropriate Vice Chancellors about the tentative decisions as to how much reduction they could take and what would be involved. There then followed almost daily conversations with the institutions. Mrs. Kahananui said that when the Board enunciated the criteria for the institutions to use in making these cuts, it was generally recognized that there were some programs, some tightening, and some activities and shift in enrollments which would be appropriate as students shifted into occupationally-oriented areas in which they felt there was employment. By mid-summer it appeared 4% was about the limit that could be taken without beginning the major dismantling or without cutting into large program areas where there was great student interest and where there were employment opportunities. The 4% amount developed from the review. The result was not quite a 4% reduction. In late summer, a visit was made to Eastern Oregon State College and it was concluded that 4% would simply destroy the institution.

Mrs. Kahananui indicated that if the Board, in reviewing each of the programs for elimination or suspension, were to determine that one or more should not be done, it would be necessary to seek alternative program reductions. The presidents were available to provide additional information. She noted that there were cuts in the liberal arts faculty resulting primarily from the reduced enrollments which would occur at the freshman and sophomore levels from the new admission requirements, from fee increases, and from reductions in some of the professional fields.

Mrs. Kahananui pointed out that all of the costs from the elimination of a program are not saved in the first year because students must be phased out of the programs. It has been very complicated and very difficult to achieve a plan for this much reduction in 1982-83. She mentioned that the Board's criteria had directed the staff to look at weak programs or those that were good but needed further strengthening which perhaps should be eliminated if resources were not available to strengthen them. She emphasized that there was no program on the list that was there because it was a poor quality program. She said they were useful programs but were less central to the missions of the institutions than other alternatives.

In response to a question concerning how much change the Board's Office made in recommendations forwarded from the institutions, Mrs. Kahananui explained that the office had worked with the institutions during the development of the proposals, so it was an evolving thing. They did not come to the Board's Office through the usual procedures for curricular proposals, but there was an on-going participation between that office and the institutions.
Mr. Batiste said he had understood that once the institutions had followed the guidelines and made the cuts the mandate of the Board required a separate review in the Board's Office of all the cuts and how they would affect the general public and the State System. He asked if it would be fair to say that this separate review had not been done. Mrs. Kahananui replied that it would be fair to say that it was done over a period of time and had not been completed. She pointed out that the Board was not presented with a recommendation on two elements of these proposals—one on international studies and the other on the physical education activity courses.

Mr. Batiste then asked specifically what kind of review took place by the staff on the programs listed, whether there was independent review, and the criteria used by the staff.

Mrs. Kahananui indicated that the Board's staff had used the criteria enunciated by the Board in May and the Legislative Budget Note. She reviewed the criteria as stated in the staff report section of these minutes.

Mr. Batiste requested Mrs. Kahananui to review the procedure used to eliminate the medical technology program in view of the criteria. Mrs. Kahananui said the centrality of that program to the essential core mission of the Oregon Health Sciences University had been considered. Medical Technology personnel are more often trained in hospitals while the program at the Oregon Health Sciences University is operated by a school of medicine as an instructional program and thus prepares more people. In considering the instructional mission of the institution, the proposal of the Oregon Health Sciences University to operate the medical technology program with some reduction in enrollment seemed more logical than to continue the program with the large enrollment it now has.

Mr. Batiste asked if the proposal had been viewed from the impact of that elimination on the hospitals throughout the state. Mrs. Kahananui said it was viewed from the viewpoint that a fairly large number of medical technicians are now prepared in the state. If the hospital at the Oregon Health Sciences University could move this program into the hospital and support it with student and patient fees, as is customary, this would be a better solution for Oregon than continuing the program as part of the school of medicine at Oregon Health Sciences University and the institution has agreed to look at the feasibility of this proposal.

Mr. Batiste asked about the decision for the psychiatric day care center. Mrs. Kahananui said it was determined on the basis of the contribution of the program to the primary mission of the institutions. She said it was a very specialized service for a very small number of people, but it was tremendously important to those people. She said she would hope the citizens of Oregon would retain that kind of a program and it was being proposed for suspension with the hope it could be restored at the earliest possible moment.

Mr. Petersen said that with the exception of one institution, all of the program reductions were 4% and this did not demonstrate to him that a global view was exercised concerning a system-wide approach to the problem. He said he had hoped that in utilizing a global view some institutions might be asked to contribute 7% or 8% so that others would contribute only 2% or 3%. The recommended approach, he said, leads to mediocrity. He suggested that the Oregon Health Sciences University should have taken little or no reduction.

Mr. Wyss said the Chancellor, in outlining the reasons for the 4%, had stated the assumption that the Board had attempted in the past to handle the institutions fairly in accordance with their missions. If the missions and the funding have been fair, then an equal percentage would seem logical. Mr. Petersen responded that he could not accept the assumption that they were all built in the same increments so they can be reduced in the same increments. Mr. Wyss said every year when the Board reviews the budgets it has the responsibility to correct any inequities. If the decision is now made to support these very appealing public service delivery systems instead of supporting something else, the educational missions will
be further truncated and eliminated and students will be bearing the burden instead of the public services. The proposals before the Board were selected by the presidents in consultation with their faculties as the things that would least damage the institutional missions. Some of these programs are certainly appealing services and there has been a very effective campaign to inform the Board of their importance, Mr. Wyss said, but the Board has not heard from the students and faculty how much damage there would be if other programs were substituted.

Mr. Petersen reminded the Board that it had been stated that the final result would not be across-the-board equal treatment and there would be an overview. He said it would be inappropriate for the faculty and the presidents to present a global view.

Mrs. Carpenter suggested that it was also necessary to remember that the original expectation had been that the money saved from the 4% proposals would be used to improve quality. That option has now been removed.

There is a mechanical problem in making a cut that is determined to be a certain figure, Mr. Perry said. Either you must give an overall figure to the institutions or you tell the institutions that certain programs will be eliminated.

The Chancellor said the amount of ultimate loss had been expected to be only $1.5 million, with the other $7 million to be available for reallocation. This could have been done in a manner which would have responded to the point made by Mr. Petersen. Any reallocations of money saved or removal of programs from the list would not require reductions someplace else.

Mr. Anderson said the only planning documents available to the Board were the mission statements and these proposals represented an adequate evaluation in terms of the mission statements. Planning should not be done in terms of budget cutting. Good planning must be done separately from an entirely different approach. Mr. Anderson said he would hesitate very much to move into any kind of global approach for the System while cutting budgets.

Mrs. Kahananui then described each of the programs proposed for elimination or reduction by suspension. She indicated in response to questions during the presentations, that students now in the programs will be able to complete their degrees.

At the conclusion of the presentation of the Medical Technology program, it was moved by Mr. Petersen and seconded by Mr. Batiste that the program be withdrawn from the 4% budget reduction list.

Mrs. Carpenter asked what other alternatives there would be for funding this program. It was explained that the Board could instruct the staff to find the necessary funds to continue the program. It could include the specific instruction that the money would not necessarily be taken from the Oregon Health Sciences University, that the reduction be imposed on some other institution, or that it be shared among the institutions in some fashion.

President Laster explained that the cuts from 1981-82 were considered together with the estimates of what were to have been improvement measures, but which have now become cuts for 1982-83. The program then proposed was anticipated to be an ongoing way of life and the cuts were made by reductions in faculty strength plus administration, library and media services. To maintain the faculty-student ratio, enrollments have been reduced by 20-25% in medicine, dentistry, and nursing, and it was proposed to eliminate the two programs before the Board. If the two programs were to be restored with the funds to be found elsewhere at the Health Sciences University, it would require elimination of additional faculty and the closure of a department which would be related to the core of the institution.

Mrs. Carpenter said her question had been directed at the alternatives by which this needed service might be offered by the state.
President Laster said the medical technology program was an excellent one that did perform an important public service. One action in the proposal would be to move the tenured faculty in that program into University Hospital so as to maintain the tenure commitment and have them available. It was the intent to explore with outside hospitals the possibility of cooperating in a reduced but ongoing program which would provide financial support for the activity. However, this comes at a time when hospitals are also under severe financial stress. On the other hand, if this program is as important to the hospitals as the volume of mail would indicate, it might be possible that some 20 of them could provide $5,000 a year to maintain the program. The support for the program communicated to the Board would attest to the fact that it has been a high quality program, President Laster said, and if it were to be maintained, it probably should be at the Oregon Health Sciences University.

Mr. Harms moved to amend the motion to add that the Chancellor's staff be instructed to recommend to the Board other reductions, not necessarily from the Oregon Health Sciences University's budget, to meet the System requirements. Mr. Petersen and Mr. Batiste accepted the amendment. The motion then was to delete from the program reductions the certificate in medical technology program at Oregon Health Sciences University and to instruct the Chancellor's staff to recommend to the Board other reductions, not necessarily from the institution involved, to meet the System requirements for reduction.

The Board then discussed briefly some possible financial options and the intent of the motion. It was agreed that the intent of the motion was the deletion of this program as a firm program reduction.

President Laster said this program was important but preventing the reduction in access for the children of the state to the primary programs in medicine, nursing, and dentistry was of higher priority. The very fibre of the institution is involved in those and is being eroded drastically.

Mr. Weatherford expressed concern about a reduction in enrollment and the limiting of access to the medical, dental, and nursing schools.

Mr. Petersen agreed that these programs were the heart of the institution, but at the same time it was essential to have medical technologists available to help the physicians diagnose patients. He indicated that there was presently more than an adequate supply of physicians available.

The Board defeated the motion by a vote of five to six. The following voted in favor: Directors Anderson, Batiste, Carpenter, Lomnicki, and Petersen. Those opposed were: Directors Flanagan, Ingalls, Perry, Weatherford, Wyss, and Harms.

The Psychiatric Day Treatment Center was discussed next. In response to a question, the difference between suspension and elimination was explained. Programs which are eliminated are not expected to return in the foreseeable future. Those that are suspended would be considered for restoration as resources become available. The Psychiatric Day Treatment Center was recommended for reduction by suspension.

Mr. Harms reported that a communication had been received from Representative Ed Lindquist opposing the closure of the Psychiatric Day Treatment Center. It was his position that to discontinue the Center now as an easy solution to the budget cutbacks would be a flagrant violation of the trust placed in the Oregon Health Sciences University by both the Legislature and the individuals involved.

There was some discussion of the number of children served and the cost per student. It was pointed out that children move through the program so that determination of the actual attendance is a very complex thing.

President Laster stated that the institution endorsed this program as an invaluable one to society and one which has performed well and has an outstanding national reputation. He also commented that every penny
received by the institution is held in public trust but the issue is a dollar figure for reduction in descending order of priority as related to the preservation of the core mission of the institution. That mission is the medical degree and the basic sciences that undergird it. To reinstate this program from the funds remaining within the institution would do severe and irreversible damage to the core.

Mr. Harms said Mrs. Gardelius, who appeared the previous day, had suggested that as a minimum the Board not eliminate all funds but retain a sufficient amount to continue the program for one year.

Mr. Petersen again stated that a global view would have permitted the Board to look for alternatives elsewhere in the System. Mr. Harms responded that the Board could retain this as a program reduction or continue it and instruct the Chancellor's staff to find the money elsewhere.

Mr. Wyss commented that the 4% reductions were predicated upon the belief that there would not be a legislative sessions that would be meeting before these programs were eliminated. However, there is a legislative session and there would be an opportunity for a presentation to be made on this matter to the Special Session.

Mr. Batiste moved that this program be deleted from the cuts and the Chancellor's Office be instructed to find the resources outside of the institution to support this program at three-fourths of the present level.

It was indicated in the discussion that there was no assurance that funding the program at the three-quarter's level would save $100,000 because budget estimates are very complex things.

Mrs. Carpenter said she was opposed to the motion because in her opinion the three-fourth's level was too high a degree of funding in this particular situation. She said she did not think it would take that much time to raise the funds independently and that, at the most, half of the budget should be preserved, if the Board chose to do so.

Mr. Wyss called the Board's attention to the fact that there were eleven other programs in the state that were being funded through the Children's Services Division. He said it was his opinion the Special Session could deal with the question. The Board has an educational mission.

Mr. Anderson concurred and referred to the Budget Note of the Legislature that stated that the primary objective of the Department of Higher Education should be to maintain instructional programs of high quality and maintain access for as many Oregonians as possible consistent with the objective of quality within a given level of resources. It further referred to a more tightly managed and efficient post-secondary program for 1982-83. He stated that he did not believe this program follows that particular mandate or advice. If this program were eliminated and the Legislature chose to restore it, it would provide an opportunity for the Legislature to clarify its own instructions. Mr. Anderson said he believed there was sufficient public support for this program to carry the issue to the Legislature.

Mr. Batiste said he agreed the program was not central to the mission of the institution. At the same time the program meets a very special need and should be retained but at a reduced level in order to emphasize that cuts are required of everyone.

President Laster cautioned that there was a difference of opinion as to whether the Board had jurisdiction over these funds and it might still be necessary to make further reductions in the event it is determined that the Board does not have jurisdiction.

The Board defeated the motion by Mr. Batiste by a vote of two to nine. Those voting in favor were: Directors Batiste and Lomnicki. Those opposed were: Directors Anderson, Carpenter, Flanagan, Ingalls, Perry, Petersen, Weatherford, Wyss, and Harms.
Meeting #481

The Board then approved a motion by Mr. Petersen that in view of the public support, the Board's concern about this program be forwarded to the Governor with the budget report. The statement should include the possibility of transferring this program to the Children's Services Division. The following voted in favor: Directors Anderson, Batiste, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Carpenter was absent from the meeting at this time.

The Board then approved the 4% program reductions and eliminations as recommended, with the following voting in favor: Directors Anderson, Batiste, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Carpenter was absent from the meeting at this time.

Mr. Anderson commented that at most of the institutions, cuts in the instructional areas were significantly greater than were those in administration and support services. He suggested that there should be some equity in the cuts among these three areas.

President MacVicar reminded the Board that these were not the first cuts and when a substantial amount has been removed from support services in earlier reductions, it might not be appropriate to take a large amount from that source in a second reduction.

Mr. Ingalls suggested the possibility of transferring tenured faculty among the institutions. The Chancellor indicated that there was no precedent for that kind of transfer but there have been efforts to try to accommodate people at other institutions where the competencies and the openings were consistent. Mr. Ingalls asked that the staff and the presidents explore the matter and report back to the Board.

At the request of the Board, the following resolution pertaining to reductions affecting salaries for employees was prepared and submitted for consideration:

December 11, 1981

TO: GOVERNOR ATIYEH AND MEMBERS OF THE OREGON STATE LEGISLATURE

The severe loss in program and personnel that would be incurred in a 20 percent budget cutback has forced the Department of Higher Education to resort to drastic measures. One of these is to propose some form of salary reduction such as foregoing adjustments for all State System employees, academic and classified, scheduled for July 1982.

The members of the State Board of Higher Education believe comment on this recommendation is essential.

The concept of salary reduction only in Higher Education is fundamentally unfair and discriminatory. We must decide and recommend to you what, in our judgment, would be least damaging to the System. Therefore, while we are extremely reluctant to penalize System employees, we feel compelled to do so in order to guard against even more damaging consequences.

In making this unhappy decision, we emphasize that this approach to budget reduction should apply to all State employees.

We urge you to find a more equitable alternative solution to the financial problem facing Oregon.

The Board adopted the resolution, and on roll call vote the following voted in favor: Directors Anderson, Batiste, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Carpenter was absent from the meeting at this time.
At the request of the Board, the following resolution was prepared and submitted for consideration:

December 11, 1981

TO: GOVERNOR ATIYEH AND MEMBERS OF THE OREGON STATE LEGISLATURE

Decisions soon will be made that will be critical to the future of the State of Oregon. Your role is an extraordinary one -- the responsibility of determining whether the State will be able to solve a severe fiscal problem while maintaining, wherever possible, the essential characteristics that make Oregon unique.

As the stewards of public higher education in Oregon, we urge you to weigh the enormity of the consequences that are a part of your decision:

--- There can be no rational program reduction in Higher Education within the time required and at the levels proposed, particularly in light of the reductions that already have been imposed during the past year. At the deeper levels, program reductions would begin the dismantling of the System.

--- The dismantling of our colleges and universities would sharply reduce, and in some cases eliminate, the immeasurable contributions which Higher Education, through instruction, research, and public service, makes to the well-being of the State and its citizens -- contributions that often are overlooked or taken for granted.

--- The further weakening of the resources of Higher Education would erode the attractiveness of the State and impede its efforts to build a diversified economy.

--- Most of all, the dismantling of programs would deny opportunity to thousands of our young people. They represent our future; our continued investment in them is vital to the growth and prosperity of the State.

--- The members of the State Board of Higher Education, therefore, urge you to seek revenue-generating alternatives to avoid long-term damage to our institutions and to the State. We believe the people of Oregon recognize that some financial sacrifice is required in these critical times and are willing to help solve the problem.

The Board adopted the resolution, and on roll call vote the following voted in favor: Directors Anderson, Batiste, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Carpenter was absent from the meeting at this time.

Mr. Anderson suggested that the Board consider a possible third resolution which would ask some direction from state government concerning the kind of public higher education system that is desired for the state. There are mission statements for the institutions and the State System, but the Board lacks a mission statement from the State of Oregon.

It was agreed that the staff would look at any previous efforts in this direction and report to the Board.

The Chancellor presented the following statement pertaining to financial exigency:

FINANCIAL EXIGENCY

The Board's Administrative Rules require that, before an institution terminates tenured faculty for reasons of program reduction or elimination, the institution must confer in a timely fashion with the Chancellor and the Board on the issues involved.
At the August 7, 1981, meeting of the Board I reported my belief that, in the second year of the biennium, some or all of the institutions would be terminating tenured faculty for reasons of program reduction or elimination.

You agreed that the discussion held on the subject of program reduction or elimination, and the probable need to terminate some tenured faculty members, met the requirements that institutions confer in a timely fashion with the Board. You did not require individual presentations by the presidents.

We now face the possibility that, during this biennium, institutions will need to terminate some tenured faculty members, or at the very least, modify their terms of appointment, for reasons of financial exigency.

Your Rules authorize institutions to declare a state of financial exigency but, just as in the case of program reduction or elimination, institutions must confer in a timely fashion with the Chancellor and the Board.

At a recent meeting, the presidents conferred with me concerning the possible need to declare a state of financial exigency and urged me to confer with you, on their behalf, so that individual institutional presentations would not be necessary.

With your permission, I will proceed to do so.

No constituency should interpret this action as a step toward a declaration of system-wide financial exigency. Rather, it is intended only to clear the way for institutional presidents to carry out their obligations under the Board's Administrative Rules.

In the interests of brevity, I want to suggest that our presentation on the 20% budget cut proposals, and your reactions to it, constitute the major part of adequate compliance with the administrative rule that we confer about the issues involved.

In the event we are required to implement fully any of the 5% budget cuts, all institutions will need to declare a state of financial exigency.

I recommend that you formally acknowledge that this presentation meets the requirements of the Administrative Rules that institutions confer in a timely fashion with the Board concerning the issues involved in reaching a conclusion that a declaration of a state of financial exigency is necessary.

We recognize the possibility that, if exigency extends into 1982-83, it may be necessary to repeat this process.

Alternatives designed to avoid such declarations have been examined, and we concluded that no adequate alternative, short of additional revenue, would enable us to avoid financial exigency.

I believe the presidents support this view.

In discussing the statement, it was indicated that it was intended to fulfill the requirements for discussion with the Board. The statement did not declare exigency but would free the presidents to do so if it becomes necessary.

The presidents indicated their concurrence with the statement. An opportunity was provided for members of the public attending the meeting to indicate whether they had any objection to this form of meeting the Administrative Rules requirement. No objections were stated.
Meeting #481

December 10-11, 1981

The Board approved a motion that the Board formally acknowledge the presentation by the Chancellor on behalf of the institutions as being the discussion required by the Administrative Rules before an institution terminates tenured faculty for reasons of program reduction or elimination. On roll call vote, the following voted in favor: Directors Anderson, Batiste, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Carpenter was absent from the meeting at this time.

Summary and Staff Recommendation for Meeting Worksheets (12-81-35a)

It was recommended that the Vice Chancellor for Facilities Planning be authorized to purchase the Miller property at 1363 Quincy Street, Ashland, at the option price of $42,200. This property, which measures approximately 62 feet by 173 feet (or about 0.246 acres) and is improved with a small residence containing approximately 869 square feet, is located within the approved project-defined campus boundaries of Southern Oregon State College and is expected to be utilized for student housing. The purchase would be financed from proceeds from the sale of self-liquidating bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution and/or from balances available from housing operations at the institution. It would be charged against the expenditure limitation of $300,000 established for 1981-1983 within Chapter 539, Oregon Laws 1981.

Board Discussion and Action

The Board approved the staff recommendation as presented with the following voting in favor: Directors Anderson, Batiste, Flanagan, Ingalls, Lomnicki, Perry, Petersen, Weatherford, Wyss, and Harms. Those voting no: None. Director Carpenter was absent from the meeting at this time.

It was moved by Mr. Petersen and seconded by Mr. Perry that action be deferred on the items referred for individual discussion.

Mr. Ingalls indicated that the Bend proposal had been discussed on several occasions and that in fairness to the people in Bend and at Oregon State University, the Board should take action.

Mr. Anderson said his reason for requesting reconsideration of these items as a package had been his belief that policy should be established before moving ahead with definite programs. In addition, a letter was expected from the Oregon Educational Coordinating Commission on these matters and apparently it has not been received. The Board has been discussing budget cuts. While the Bend and Salem programs ostensibly did not require any critical increase in funding, the public perception of approval of these programs without establishing policy might be unfortunate.

The Board approved the motion, with the following voting in favor: Directors Anderson, Batiste, Flanagan, Lomnicki, Perry, Petersen, Weatherford, and Wyss. Those voting no: Directors Ingalls and Harms. Director Carpenter was absent from the meeting at this time.

Mr. Ingalls mentioned that the faculty group had volunteered assistance in research or other projects to help the Board in responding to the problems of the financial crisis. He asked whether any efforts had been made to take advantage of that offer. The Chancellor indicated that he had talked with Mr. Davis and Mr. Waller and asked them to identify possible areas of cooperation.

Mr. Weatherford again expressed concern about the reduction in enrollment in the programs of the Oregon Health Sciences University. It was pointed out that enrollments and access were being reduced in other professional schools as well. The alternative would be to reinstate access in certain programs but this would require meeting the reduction requirements elsewhere.
It was agreed that the reductions represented very undesirable choices, but there were few, if any, options, which would be preferable.

Board members expressed appreciation to the Chancellor, the presidents and other staff for their efforts in this very difficult exercise.

Staff Report to the Board

Construction drawings and specifications for the modifications to handrails within seven buildings on the campus at Oregon State University were prepared by the Physical Plant Department of the University. Five bids for the work were received on September 29, 1981, ranging from a low bid of $12,667 to a high of $34,950. Inasmuch as resources were available, a contract award was made to the lowest bidder and the following tentative budget was approved for the project:

| Direct construction costs: | $12,667 |
| Construction supervision and miscellaneous costs, including engineering | 2,101 |
| Contingencies | 1,000 |

Total project costs $15,768

The work of the contract includes replacing and modifying certain guardrails and handrails at interior stairways in seven campus buildings. To bring them into conformance with safety standards and codes, several existing handrails are to be raised, have their placement adjusted in relationship with an adjacent wall, and to have the ends of the handrail returned to the wall. In other selected locations, new handrails are to be provided where they are now missing and are required by code.

Funds required for this work are being provided from balances available from previous allocations for Safety Deficiency Corrections, Phases I and II, at Oregon State University as part of the programs authorized by Chapter 48, Oregon Laws 1975, and Chapter 560, Oregon Laws 1977.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - OSU Safety Deficiency Corrections, Phases I and II (Handrail Modifications in Various Buildings)

Architect - None (Physical Plant Department of OSU)

Board's priority - Part of No. 1 in 1975-1977 (Educational and General Plant) and Part of No. 1 in 1977-1979 (Educational and General Plant)

Legislative authorizations - Chapter 48, Oregon Laws 1975 Chapter 560, Oregon Laws 1977

Estimated total project costs (this portion only) $15,768
Estimated total direct construction costs (this portion only) $12,667
Scheduled completion - February 1982

Tentative financing plan:
General Fund appropriation $7,884
Article XI-G bond proceeds 7,884
Total $15,768

Board Discussion and Action

The Board accepted the report as presented.
Staff Report to the Board

Upon the recommendation of institutional officials and Martin, Schultz and Geyer, project architects, Eugene, the work of the three prime contractors for Phase I and portions of Phase II of the Crop Science Building on the campus at Oregon State University was accepted on behalf of the Board as of October 1, 1981, subject to the completion of punchlist items. The project was inspected on behalf of the Board by the Vice Chancellor for Facilities Planning.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on May 23, 1980:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 10/01/81</th>
<th>Original Budget 5/23/80</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General work - Marion Construction Company, Salem</td>
<td>$2,283,971</td>
<td>$2,255,400</td>
<td>$28,571(1)</td>
</tr>
<tr>
<td>Mechanical work - Pipe Tech, Inc., Salem</td>
<td>1,078,393</td>
<td>1,064,860</td>
<td>13,533(2)</td>
</tr>
<tr>
<td>Electrical work - S2 Electric, Inc., Albany (4)</td>
<td>314,758</td>
<td>308,174</td>
<td>6,584(3)</td>
</tr>
<tr>
<td>Subtotal for direct construction</td>
<td>$3,677,122</td>
<td>$3,628,434</td>
<td>$48,688</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>376,935</td>
<td>371,899</td>
<td>5,036</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>64,200</td>
<td>76,000</td>
<td>(11,800)</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>125,459</td>
<td>94,814</td>
<td>30,645</td>
</tr>
<tr>
<td>Works of art</td>
<td>36,284</td>
<td>36,284</td>
<td>-</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>72,569</td>
<td>(72,569)</td>
</tr>
<tr>
<td>Total</td>
<td>$4,280,000</td>
<td>$4,280,000</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) Includes adding lecture seating and floor covering in Laboratory No. 122 (reinstatement of Alternate E); providing credit for deleting all fixed equipment in Laboratory No. 240; providing adjustment to correct the amount of credit quoted in Alternate D to delete fixed equipment moved to Laboratory No. 240 under Alternate A (which was not exercised); providing for the full grouting of all cells in concrete masonry partitions for Laboratory No. 38; modifying open stairway handrails for code compliance; deleting all fixed equipment in Laboratory No. 40 and the reinstatement (Alternate D) of fixed equipment in Laboratory No. 324; revising metal platforms in mechanical chases; providing and installing revisions to soffit and wall at north stair; substituting new fixed equipment for existing in six rooms; reshaping earth berm at southeast; adding plant materials to landscaping; and other minor modifications all included within eight approved change orders.

(2) Includes providing mechanical work for first four general work changes noted above; providing additional catch basins and storm drain piping; changing wall hydrants to yard hydrants; changing gauge of stainless steel in ductwork serving Perchloric fume hood in Laboratory No. 26; revising utility exhaust fans serving four fume hoods; modifying jacketing of acid waste lines extending on
both sides of the mechanical chase walls; changing control tubing in return air plenum spaces from copper to fire-retardant plastic; and other minor modifications all included within six approved change orders.

(3) Includes providing the electrical work for first four general work changes noted above; making lighting fixture substitutions; adding electrical work for added new fixed equipment; adding electrical convenience outlets in corridors for use by cleaning equipment; adding eight duplex receptacles in the first level; deleting emergency switching and associated wiring at each level; adding a copper ground wire for the telephone main board; relocating six manual fire alarm stations to comply with handicapped requirements; providing a transformer for the fire alarm master control; and other minor modifications all included within six approved change orders.

(4) Work completed at close of project by the bonding company and Hertz Electric, Inc., Albany, due to the insolvency of the original prime contractor, S2 Electric, Inc.

The work of the three contracts included the construction of a reinforced concrete structure of five levels, including one below grade. The building is finished on the exterior with brick veneer and cement plaster. The gross area of 57,766 square feet includes offices, laboratories and conference and lecture rooms for departments of the School of Agriculture including Seed Technology, Seed Certification and Foundation programs, Crop Science, Agriculture Extension, Cereals and Special Crops, Weeds and Forages, and International Agriculture plus areas allocated for a weather station, computation areas and departmental conferences.

The total expenditure requirements were charged to a combination of the fund sources outlined within the last section of the following summary which differ somewhat from those indicated in the report of bids and contract awards because of subsequent actions by the 1980 Special Session of the Legislature:

**RECAPITULATION UPON INSPECTION AND ACCEPTANCE**

**Project** - OSU Crop Science Building, Phase I (with partial Phase II)

**Architects** - Martin, Schultz and Geyer, Eugene

**Board's priority** - No. 6 in 1979-1981 (Educational and General Plant), Phase I
   No. 27 in 1979-1981 (Educational and General Plant), Phase II

**Legislative authorization** - Chapter 511, Oregon Laws 1979

**Estimated total project costs** $4,280,000

**Estimated total gross area** - 57,766 sq. ft.

**Estimated direct construction costs:**
   **Total** $3,677,122
   Building and fixed equipment only - $3,511,911
   Average cost (per square foot) - $60.80

**Financing plan:**
   General Fund appropriation within
   Chapter 511, Oregon Laws 1979 $2,140,000*
   Article XI-G bond proceeds 2,140,000
   **Total** $4,280,000
*Including grant of $885,000 from Max C. Fleischmann Foundation which was channeled through the General Fund pursuant to action of the 1980 Special Session of the Oregon Legislature

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Upon the recommendation of Oregon State University officials, Mr. John T. Hinman, Contracting Officer for the Seattle regional office of the National Oceanic and Atmospheric Administration, and Hewlett, Jamison, Atkinson & Luey, project architects, Portland, the work of the prime contractor for the Newport Research Support Facility of the National Marine Fisheries Service at the Yaquina Bay Marine Science Center was inspected and accepted by the Vice Chancellor for Facilities Planning on behalf of the Board as of October 21, 1981, subject to the completion of punchlist items.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on October 24, 1980:

<table>
<thead>
<tr>
<th>Description</th>
<th>Revised Budget 10/21/81</th>
<th>Original Budget 10/24/80</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L. D. Mattson, Inc., Salem</td>
<td>$2,079,715</td>
<td>$2,052,000</td>
<td>$27,715(1)</td>
</tr>
<tr>
<td>Professional services fees:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design and contract administration by project architects (Hewlett, Jamison, Atkinson &amp; Luey) - 5.77% of direct construction costs</td>
<td>$120,000</td>
<td>$118,401</td>
<td>$1,599</td>
</tr>
<tr>
<td>Consulting engineering services</td>
<td>30,625</td>
<td>30,625</td>
<td>--</td>
</tr>
<tr>
<td>Surveys, soils tests, balancing and other testing</td>
<td>20,591</td>
<td>18,587</td>
<td>2,004</td>
</tr>
<tr>
<td>Total professional services fees</td>
<td>$171,216</td>
<td>$167,613</td>
<td>$3,603(2)</td>
</tr>
<tr>
<td>Movable equipment</td>
<td>$443,000</td>
<td>$443,747</td>
<td>$747</td>
</tr>
<tr>
<td>Miscellaneous project expenses (construction supervision, utility service connections, plan reviews, bid advertising, project administration, etc.)</td>
<td>45,322</td>
<td>35,600</td>
<td>9,722</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>41,040</td>
<td>(41,040)</td>
</tr>
<tr>
<td>Total</td>
<td>$2,739,253</td>
<td>$2,740,000</td>
<td>$(747)</td>
</tr>
</tbody>
</table>

(1) Includes adding the premium for the prime contractor providing and maintaining fire and extended coverage insurance; substituting stainless steel bands at underground joints on acid waste lines; substituting fireproof gypsum sheathing for asbestos felt underlayment at shake roofs; adding acid vent system in Storage Room 201; installing electrically connected fire sprinkler alarm bell as requested by Newport Deputy Fire Chief; replacing asphalt paving at north end of parking area to improve drainage; and other minor modifications all within eight approved change orders.

(2) Increased amount applicable to contract administration, construction supervision, testing, balancing of mechanical systems, etc.
The work included the construction of a "U"-shaped building located just south of the Aquaculture Laboratory complex and matching existing buildings in configuration, parts of the roof line, and finish materials. One side of the building, identified as the analytical wing, houses analytical laboratories, clean rooms, data rooms, and a seminar room on the main floor and a mechanical room on the upper level. Another portion, on the west and identified as the office wing, houses wet laboratories, refrigerated rooms, offices and toilet rooms. The north portion, shown as the shop wing, provides for wood and machine shops, electronics, diagnostic areas, and an assembly and checkout room. The total gross area for the facility is 32,172 square feet and a partially covered test area is provided in the courtyard formed by the three sides of the building.

The project was funded totally by the federal government from an appropriation to the National Oceanic and Atmospheric Administration of the U.S. Department of Commerce, and was accomplished in accordance with contractual arrangements which the Board authorized October 26, 1979.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - OSU Newport Research Support Facility
Architects - Hewlett, Jamison, Atkinson & Luey, Portland
Board's priority - not applicable
Legislative authorization - not applicable

Estimated total project cost $2,739,253
Estimated total gross area - 32,172 square feet
Estimated direct construction costs:
  Total Buildings and fixed equipment, excluding site development and utility connections - $1,763,672
  Average (per square foot) - $54.82

Financing:
  National Marine Fisheries Service, National Oceanic and Atmospheric Administration, U.S. Department of Commerce $2,740,000

Board Discussion and Action
The Board accepted the report as presented.

In accordance with the actions of the Board at the September 11 and October 23, 1981, meetings, appropriate clearances were obtained from the Department of General Services to advertise the proposed sale of the R/V CAYUSE, a research vessel currently on lease to the State of California. In addition to notices placed in newspapers published in Portland, Seattle and San Francisco, Oregon State University officials advised other Pacific Coast institutions engaged in oceanographic research activities of the bid invitation. The only bid received on November 3, 1981, was from the San Jose State University Foundation. It was in the amount of the advertised minimum price of $225,000.

Procedures were initiated to consummate the sale of the research vessel and a Bill of Sale, a Delivery Receipt, and a Transfer of Title were prepared so that a representative of the School of Oceanography could hand-deliver the papers upon receipt of the remainder of the bid price.
All of the requirements of the Department of General Services' rules concerning the sale of surplus property were met and officials of that department granted Board officials authority to make the sale directly.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Upon the recommendation of representatives of the U. S. Forest Service, U. S. Department of Agriculture, Oregon State University officials, and Morrison, Funatake, Inouye, Andrews, Inc., project mechanical and electrical engineers, the work of the prime contractor for facility improvements at the H. J. Andrews Experimental Forest near Blue River, Oregon, was inspected and accepted on behalf of the Board as of October 8, 1981, subject to the completion of unfinished punchlist items.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on October 24, 1980:

<table>
<thead>
<tr>
<th></th>
<th>Revised 10/8/81</th>
<th>Original 10/24/80</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AE Associates, Eugene</td>
<td>$186,247</td>
<td>$171,228</td>
<td>$15,019 (1)</td>
</tr>
<tr>
<td>Administration and miscellaneous costs</td>
<td>9,503</td>
<td>8,000</td>
<td>1,503</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>16,522</td>
<td>(16,522)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$195,750</strong></td>
<td><strong>$195,750</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>

(1) Includes increasing depth of water well; drilling an additional well; performing three additional tests to the water to satisfy requirements of State of Oregon Public Water Supply System Test, EPA Inorganic Analysis, and Organic Analysis; deleting circuit breaker panel and installing fused disconnects only; burning clearing slash on administrative site in lieu of disposal area; providing additional isolation valves in water system; providing thermostatically controlled heat tape around the 1-1/2" tank supply line where above ground at the well site; building protective structures over pump control center and meter control center for three buildings; deleting two extra high pressure sodium lamps; extending paths at three pads; widening entrance to large parking area and storage building parking lot; reimbursing Contractor for extra excavation required due to rocky soil conditions and including deduction for damage to trees; and other minor modifications all within ten approved change orders.

The work of the contract included a water well, a concrete water storage tank, and water distribution lines; an electrical transformer and electrical distribution lines; gravel pads for thirteen trailers, including septic tanks and effluent leaching fields; and general site grading.

Authorization to expend the grant funds of $195,750 from the National Science Foundation for these facility improvements was granted by the State Emergency Board. No state tax funds were involved.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - OSU H. J. Andrews Experimental Forest Administrative Site (Blue River)

Architects - U. S. Forest Service staff
Meeting #481

December 10-11, 1981

Board's priority - not applicable

Legislative authorization - Emergency Board action on March 11, 1980

Estimated total project costs $195,750
Estimated direct construction costs $186,247

Financing:
Federal grant from the National Science Foundation $195,750

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Based upon the recommendations of officials of Oregon State University, and in accordance with the provisions of AR 580-50-020, arrangements were made with Carl H. Buttke, Inc., Consulting Transportation Engineers, Portland, for professional services relating to conducting a study and providing a traffic and parking system plan for the campus in Corvallis, which will integrate with the City of Corvallis traffic system plans, and also provide for internal circulation required for campus operation and maintenance. The Engineers will be assisted in this assignment by Walker, Macy, Mitcheltree and Erickson, Landscape Architects and Planners; and David Evans and Associates, Inc., Engineers and Planners.

Compensation for the professional services of the Engineers and for reimbursement of expenses, including the charges of consultants, for this work will be based upon time and materials not to exceed a maximum of $30,700.

The study is being financed from balances available to the institution from its parking operations.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Based upon the recommendations of officials of the University of Oregon, and in accordance with the provisions of AR 580-50-020, arrangements were made with Marquess Engineering Company, Springfield, for a continuation of their professional services relating to feasibility studies, preparation of drawings, specifications, cost estimates, and other related mechanical engineering services at the institution.

Compensation for the professional services of the Engineers and for reimbursement of related expenses is to be based upon time and materials not to exceed $10,000 during the period from October 1, 1981, through June 30, 1982, without prior written authorization from the Vice Chancellor for Facilities Planning.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials and McArthur/Gardner/Partnership, project landscape architects, Portland, the work of the prime contractor for the Sports and Recreation Improvements (Playing Fields) on the campus at the University of Oregon was accepted on behalf of the Board as of October 29, 1981, subject to the completion of punchlist items.
A revised semifinal project budget is shown below in comparison with the budget reported to the Board on October 24, 1980:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 10/29/81</th>
<th>Original Budget 10/24/80</th>
<th>Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wildish Construction Co., Eugene</td>
<td>$336,508(1)</td>
<td>$332,265</td>
<td>$4,243(2)</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>25,105</td>
<td>23,000(3)</td>
<td>2,105</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>13,387</td>
<td>13,082</td>
<td>305</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td>6,653</td>
<td>(6,653)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$375,000</strong></td>
<td><strong>$375,000</strong></td>
<td><strong>$0</strong></td>
</tr>
</tbody>
</table>

(1) Exclusive of $9,000 funded separately for maintenance to be invoiced and paid in three annual installments of $3,000 each beginning one year after the formal acceptance of the work by the Owner.

(2) Includes reducing depth of turf grass growing media materials and adjusting the height of vertical support walls for field liner accordingly, stripping and removing organic material from new borrow site, removing organic material in base of playing field area, changing cold water pipe from Ductile Iron to PVC to meet requirements of AWWA C900, and other minor modifications all within nine approved change orders.

(3) Net of $12,934 for site master development planning paid from a 1973 legislative authorization for Sports and Recreation Facilities.

The work of the contract included site clearing, site grading and drainage, installation of a Natural Turfgrass System of surfacing for soccer field, bicycle path relocation, water service and irrigation piping, electrical service and fencing. The entire site was cleared and graded and one soccer-pitch field was constructed.

Expenditures for this work were charged to Article XI-F(1) bond borrowings and/or balances available to the institution for auxiliary enterprises in accordance with the financing plan previously approved by the Board and the 1979 Legislature. Funding for the $9,000 maintenance agreement will be provided separately by the University.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UO Sports and Recreation Improvements (Playing Fields)

Architects - McArthur/Gardner/Partnership, Portland

Board's priority - No. 6 in 1979-1981 (Auxiliary Enterprises)

Legislative authorization - Chapter 511, Oregon Laws 1979

Estimated total project costs $375,000

Estimated total direct construction costs $336,508

Financing plan:

Article XI-F(1) bond borrowings and/or balances available for auxiliary enterprises (Exclusive of $9,000 for maintenance agreement funded separately by the University) $375,000

Board Discussion and Action

The Board accepted the report as presented.
Meeting #481

Staff Report to the Board

Upon the recommendation of institutional officials and Marquess Engineering Co., Springfield, the work of the prime contractor for the mechanical work to convert a space within the East Wing of the Science Building at the University of Oregon into a toxic waste storage and handling room was accepted on behalf of the Board as of October 14, 1981, subject to the completion of minor unfinished items on the engineers' punchlist.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on May 29, 1981:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 10/14/81</th>
<th>Original Budget 5/29/81</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanical work - Chase Company, Eugene</td>
<td>$17,451</td>
<td>$17,451</td>
<td>$ -</td>
</tr>
<tr>
<td>Electrical work - Physical Plant Department</td>
<td>5,200</td>
<td>5,200</td>
<td>$ -</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$22,651</td>
<td>$22,651</td>
<td>$ -</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>3,300</td>
<td>3,300</td>
<td>$ -</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>4,002</td>
<td>2,643</td>
<td>1,359</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>4,447(1)</td>
<td>4,447(1)</td>
<td>$ -</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td>1,359</td>
<td>(1,359)</td>
</tr>
<tr>
<td>Total</td>
<td>$34,400</td>
<td>$34,400</td>
<td>$ -</td>
</tr>
</tbody>
</table>

(1) Includes purchase of a fume hood and a lift and trolley system.

The work of the contract included the installation of a specialized fume exhaust air system including a heating and ventilating make-up air system, automatic fire sprinkling and an emergency shower and eye wash unit in an existing ground floor space to be used as a temporary handling and storage area for toxic wastes.

Expenditures for the work were charged against the expenditure limitation for Safety Deficiency Correction Program, Phase II, authorized by Chapter 560, Oregon Laws 1977, and financed in equal shares from the General Fund appropriation in the Act and from Article XI-G bond proceeds.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UO Safety Deficiency Corrections, Phase II (Science East Wing Toxic Waste Room)

Engineers - Marquess Engineering Co., Springfield

Board's priority - Part of No. 1 in 1977-1979 (Educational and General Plant)

Legislative authorization - Chapter 560, Oregon Laws 1977

Estimated total project costs (this portion only) $34,400

Estimated total direct construction costs (this portion only) $22,651

Financing plan:

General Fund appropriation $17,200
Article XI-G bond proceeds 17,200
Total $34,400
Meeting #481

December 10-11, 1981

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

By means of a supplement to the July 17, 1970, contract with Rose & Breedlove, Inc., and Stevens, Thompson & Runyan, Inc., a joint venture which designed and provided construction supervision of Parking Structure #2 at the campus of the Oregon Health Sciences University in Portland several years ago, in accordance with the recommendation of institutional officials, arrangements were made to designate the firm of Breedlove - McConnell Engineers, Inc., Portland, successors to Rose & Breedlove, Inc., for the design and contract administration of the proposed Parking Structure #2 Addition. The Engineers will be assisted in this assignment by Straam Engineers, Inc., consultants, who are successors to Stevens, Thompson & Runyan, Inc. Authorization for this auxiliary enterprise project, which has an expenditure limitation of $3,115,000, was included in the Board's capital construction program approved by the 1981 Legislature.

Compensation for the professional services of the Engineers and for reimbursement of expenses, including the charges of the consultants, for this additional work will be based upon time and materials not to exceed a maximum of 5.5% of the direct construction costs of the work (tentatively estimated to be approximately $2,642,000).

The planning costs of the proposed Parking Structure #2 Addition are being financed from excess sinking fund reserves from parking operations at the Oregon Health Sciences University.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

Based upon the recommendations of officials of Southern Oregon State College, and in accordance with the provisions of AR 580-50-020, arrangements were made with Afseth, Jacobs & Schmitz, AIA, Architects, Medford, for professional services relating to the design and contract administration for the proposed new Stadium on the campus in Ashland. The Architects shall be assisted by Marquess and Associates, Inc., Engineers. Authorization for this project was included in the Board's capital construction program for auxiliary enterprises approved by the 1981 Legislature with an expenditure limitation of $1,530,000.

Compensation for the professional services of the Architects and for reimbursement of expenses, including the charges of the consultants, for this work will be based upon time and materials not to exceed 6% of the direct construction cost allowance. For the schematic design phase of planning, this direct construction cost allowance is $1,286,510.

The planning costs of the proposed Stadium are being financed from excess sinking fund reserves from commingled student building fees.

Board Discussion and Action

The Board accepted the report as presented.
Report of Architectural Services for Siskiyou Commons
Rededication, Addition and Remodel (Art Department), SOSC

Staff Report to the Board

Based upon the recommendations of officials of Southern Oregon State College, arrangements were made with The Amundson Associates, P.C., Springfield, through a supplement to the agreement of November 15, 1978, which provided for the Architects' services for updating the long-range campus plan, to provide for the additional services of the Architects in assisting the staff to develop a comprehensive plan for the possible renovation, remodeling and enlargement of the existing Siskiyou Commons Building on the campus in Ashland for use by the Art Department. The Board's request for this capital construction project was not approved by the 1981 Legislature, but it is expected that the institution will seek authorization for it, including some museum space to be financed from gifts and grants, as part of the program for 1983-1985.

Compensation for the professional services of the Architects and for reimbursement of expenses for this additional work will be based upon time and materials not to exceed a maximum of $7,500.

Funds for the planning are being advanced from balances available to the institution from its auxiliary enterprises with the expectation that they will be reimbursed from the project budget resources at a later time.

Board Discussion and Action

The Board accepted the report as presented.

Report on Placement of 1979-80 Teacher Education Graduates

A report on the "Placement of 1979-80 Elementary and Secondary Teaching Graduates from Oregon Teacher Education Institutions" was included as a separate document for the information of the Board. The report is on file in the Board's Office.

Board Discussion and Action

The Board accepted the report as presented.

Staff Reports

The staff reports provided to the Board for the December meeting (Items 12-81-32b through 12-81-35b) are on file in the Board's Office and will be bound with the permanent minutes as pages 688 to 697. Also attached to the permanent minutes will be a list of the correspondence received on the matters considered by the Board.

ADJOURNMENT

The Board meeting was adjourned at 3:45 P.M., December 11, 1981.

Edward C. Harms, Jr., President

Wilma L. Foster, Secretary
University Hospital officials have advised that the patient care needs in the existing radiology facilities of the Emergency Department, which were constructed more than ten years ago, have become adversely impacted by the obsolescence of the radiologic equipment and by space limitations. About 8,200 radiologic examinations are made annually on approximately 33,000 emergency patients. After examining several alternatives, the staff has concluded that the present equipment should be replaced and that the area assigned to this function should be remodeled and enlarged. The estimated equipment costs of $190,000 have been approved in the legislatively authorized operating budget, to be financed from patient fee revenues, but the expenditure requirements for the remodeling of the space need to be met from self-liquidating bond borrowings of $4,235,000 authorized by the Board and the 1981 Legislature for various hospital and clinic alterations.

Within the expanded space, the major components of radiology equipment are expected to include a single X-ray generator and control booth, two X-ray tables, and a wall cassette holder. It would then be possible to allow two patients to be processed at the same time. Staffing of the facility would continue as it is now, with one X-ray technologist assigned 24 hours per day, 7 days per week (4.2 FTE). If an additional technologist is required during extraordinary workload peaks, he/she would be detached from the Outpatient Clinic radiology facility temporarily.

Sketches of the existing floor plan and of the proposed revisions, involving an area of about 610 square feet, will be available for review by the Board. In the opinion of University Hospital administrators, the proposed project would eliminate inadequate radiologic examinations and would reduce the delays currently experienced in providing radiologic services to patients in the Emergency Department. In addition, sufficient space would be provided to allow Emergency Department personnel to give proper care to severely injured or ill patients undergoing radiologic examination.

The debt service requirements for the bonds which would provide the financing of the alterations would be met by patient fee revenue over the life of the project (tentatively assumed to be amortized in a period of about eight years).

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE OF PLANNING

Project - OHSU Hospital and Clinic Rehabilitation and Alterations Projects (Emergency Department Radiology Services)

Architects - Chilless Nielsen, Portland

Board's priority - Part of No. 5 in 1981-1983 (Auxiliary Enterprises)

Legislative authorization - Chapter 539, Oregon Laws 1981

Estimated total project costs (this portion only) $96,000

Estimated direct construction costs (this portion only) $72,600

Estimated area to be remodeled - 610 square feet

Tentative schedule:
Bidding - February 1982
Completion - May 1982

Tentative financing plan:
Article XI-F(1) bond borrowings and/or balances available for auxiliary enterprises $96,000
Following herewith are recommendations for comprehensive program reductions and eliminations involving the institutions of the State System of Higher Education, effective 1982-83. These are presented in response to Board and Legislative directives that the System reduce services in order that those services which remain can be supported by the State at an acceptable level of quality.

It will be noted that reductions and eliminations proposed, in the main, are designed to reduce the educational services provided Oregon citizens by its state system of higher education on a permanent basis. It should be, in addition, noted, that the effects of these reductions will be cumulative, since:

- reduction or removal of an activity from the base budget of an institution not only saves money the first year it is effective, but removes the item as an increasing expense for succeeding years;
- reductions in entering classes are compounded as the successive smaller entering classes become smaller second-, third-, and fourth-year classes;
- degree programs being terminated must be phased out over the normal time span of the program, thereby enabling successive reductions until the last class admitted has proceeded through the program.

Thus savings realized through reductions projected for 1982-83 will result in even greater savings in 1983-1985 over what would have been the case had the reductions not been made.

The short time frame dictated by the need to develop recommendations for program reductions and eliminations which would result in savings in 1982-83 has not permitted detailed faculty examination of all curriculums. These further examinations are underway and it may be expected that additional analyses and reports on reorganization and tightening of the curriculum will be forthcoming during the coming year.

Reductions proposed in this document differ from short-range "temporary" reductions undertaken in recent years in that:

- they are not intended to be restored as soon as resources become available;
- they are designed to retain balanced programming, i.e., they are not reflective of where the institution happens to have vacancies, although vacancies are used where possible to reduce impact on current faculty;

1In a few instances, program reduction is to be accomplished by suspending the offering of a program until such a time as changed circumstances make consideration of reinstatement possible.

2In some cases the route to permanent reduction three or four years out will be accomplished through temporarily filling positions from within and postponing filling of vacancies (musical chairs) in order to lessen impact on presently employed faculty.
they do not at this time constitute reductions beyond the reduced level of resources for Education and General Services for 1982-83 identified by the Joint Ways and Means Committee in its Budget Report;

funds they will release—to the extent these can be retained by the institutions—will be reallocated to maintain and, where needed, to improve the quality of services which remain. A high priority in this regard is improvement of faculty salaries.

Board Plan for Program Reduction/ Elimination

The Board's plan for program reduction/elimination, as enunciated May 29, 1981, calls for reduction and elimination of those programs whose loss would cause the least damage to the Board's state-wide educational programs and to the institutions offering these programs.

Under this plan:

- programs central to the mission of the institution will be retained;
- programs essential to the State System's mission as a comprehensive educational delivery system will be retained;
- a large portion of the Statewide Public Services now provided to Oregon citizens and industries will continue to be provided;
- program eliminations that will simply shift burdens to other institutions or other segments of education should not be considered;
- programs of marginal quality, or those in which the cost of maintaining or upgrading quality is disproportionate to the significance of their roles in the missions of the institution and the State System should be considered for elimination as soon as possible, whether or not the Governor's budget is funded;
- outstanding programs will be protected; and
- closure of an institution or institutions is not considered a cost-effective solution to current financial problems.

Joint Ways and Means Committee Budget Report

The advice of the 1981 Joint Ways and Means Committee relating to the desired ratio of access:quality:resources for the state's system of higher education is found in the following excerpts from the Budget Report:
The Department's primary objectives should be to maintain instructional programs of high quality and to maintain access for as many Oregonians as possible consistent with the objective of quality within a given level of resources. The Department is directed to propose reductions in duplication of offerings, eliminate programs that will not be supported adequately, restructure institutional guidelines, provide for admissions and retention criteria or standards, and generally to work toward a more tightly managed and efficient postsecondary program for 1982-83. It is the Subcommittee's expectation that tightened admissions and retention standards and limitations on enrollments will be required. [Emphasis added.]

Summary of Recommendations

Before we move to a summary of recommendations, several observations are in order. First, the reductions/eliminations reported in these proposals are spread across the State System. Second, most of the actions are reductions in rather than elimination of programs and services. There are several reasons for this; among them:

- The institutions over the years have not been permitted to develop an array of low-enrollment, high-cost, poorly supported programs peripheral to their central missions.

- The Board has authorized duplication of programs only when student interest in and need for given courses, or for access to given instructional programs, was sufficiently great that the courses or programs could be offered in two or more institutions without increasing costs of instruction.

Under these circumstances, closure of an institution, or substantial portions of one or more institutions, in order to protect the size and array of programs offered within the remaining ones, is not in the best interests of the state. Such action would:

- unnecessarily reduce access without achieving commensurate reductions in cost;

- to the extent that students who normally would have attended the closed institutions or programs were permitted to transfer to other institutions or segments of education, they could stimulate costly dislocations in physical plant utilization, intensify problems of unmet capital construction needs at the remaining institutions and segments, and bring into question the ethics, if not the legality of dismissing faculty and staff at one location while employing new staff to serve the displaced students at another.

- impose severe economic suffering on a few communities.
Impact on Faculty and Staff. The reductions tabulated on the following pages total $8,360,200, and involve the elimination of 250.19 FTE faculty positions and 81.11 FTE classified positions. Some of the program actions contemplated already have been undertaken by the institutions. They have notified faculty involved that filled positions are to be terminated and have removed vacant positions from department and institution budgets.

In some instances, faculty whose positions are eliminated can be given opportunities to fill vacant teaching or administrative/support positions elsewhere in the institution. Some perhaps will choose early retirement or a reduced assignment; but, unfortunately, reductions of instructional and support services of the magnitude contemplated in this document cannot be made without dismissing employed personnel.

Administrative Rules of the Board (OAR 580-21-315 (3) require that maximum possible notice be given tenured faculty terminated for reasons of financial exigency and that 12-months notice be given faculty terminated because of program or department reductions or eliminations not demonstrably related to a state of financial exigency. Nontenured faculty are to be given maximum possible notice.

President Blumel of Portland State University, after conferring with faculty, Chancellor, and Board, has determined that Portland State cannot further reduce its programs without a declaration of financial exigency. The institution, barring further budget reductions, intends to give faculty being terminated for 1982-83 six-months notice, beginning January 1, 1982.

All other institutions, again barring the necessity of further cuts, believe they can accomplish reductions outlined in this document while giving 12-months notice. This means that these institutions will not realize the full savings of proposed reductions in currently filled positions until 1983-84.

The figures appearing in the summary tables represent savings to be effected in 1982-83. To avoid the perception of a preciseness that in fact does not exist, dollar reductions in the institutional tables are rounded to the nearest even hundred.

Remedial Courses. Savings made through elimination of instruction in remedial courses, usually by transferring instruction to the self-support budget (where students can make up deficiencies at their own expense), do not appear in proposed program reductions/eliminations for 1982-83; for the most part, these savings were accomplished in 1981-82. Where some additional savings of this nature are contemplated, they are reported as reductions in faculty owing to reduced enrollment and/or reductions in frequency and numbers of specialized courses.

In this respect it will be remembered that effective fall term 1981-82, the University of Oregon and Oregon State University have restricted admission of new freshmen to students who scored 30 or better on the Test of Standard Written English (TSWE) or 12 on the English portion of the American College Test. Southern Oregon State College will restrict freshman admissions effective fall term 1982-83 to students who score 30 on the TSWE or 12 on the ACT or who, if scoring below these minimums, agree to undertake remedial instruction during the first term of their enrollment at Southern Oregon State College and bear in full the costs of such instruction.
Physical Education. The proposed reductions include substantial— and often disproportionate—reductions in physical education faculty. In part, these reductions reflect a commitment to reduce numbers of students preparing to become physical education teachers. Physical education is the largest employment area for secondary teachers in Oregon; but despite a reduction in numbers of physical education graduates exceeding 25% during the past three years, the field continues to experience overproduction. The Board's Staff has encouraged and endorses this reduction.

Regarding activities courses, the faculties of the institutions have earnestly examined the function of physical education activities courses for the non-major and proposed diverse responses. Some of these, if implemented, would require modification of the Board's fee policies and/or bring into question how the institution proposes to meet Board objectives in respect to general education. The Board's Staff will submit, for Board consideration at its January meeting, a recommendation on physical education instruction for the undergraduate non-major.

Teacher Education. The report on Placement of 1979-80 Elementary and Secondary Teaching Graduates from Oregon Teacher Education Institutes, included with this docket as a separate report, reminds us that after a decade during which production of elementary and secondary teachers by Oregon colleges and universities, public and independent, was reduced by half (58.6% in elementary; 46.5% secondary), Oregon produces just about as many elementary teachers as it needs; but a shortage of teachers in those secondary fields offering placement at higher salaries in business and industry continues to exist as does an oversupply of teachers prepared in health, physical education, and art.

Program reductions and eliminations summarized on p.11-14 will enable Oregon State University to concentrate its teacher education resources within those underfilled areas of teacher production for which the institution has a major responsibility, namely agricultural education, home economics education, trade and industrial education, business education, mathematics education, and science education. This concentration, though, will not preclude a continuing commitment of support to elementary education, music education, social studies education, and, at a reduced level, to language arts education and health and physical education.

Oregon State University will eliminate its teacher preparation programs in foreign language education, journalism, art, speech, drama, and the combined program in language arts-social studies.

Western Oregon State College will continue its programs in elementary education, special education, and secondary subject matter fields (including foreign language education, art, speech, and drama); but it will eliminate programs in physical science education and suspend programs in journalism and language arts-social studies.

Portland State University will suspend preparation of journalism teachers. And it will eliminate master of arts and science in teaching degree programs in 12 subject matter fields and elementary education. These degree programs have been little used in recent years. Graduates in the future will receive the MA/MS in Education or the MAT/MST in General Arts and Letters, General Science, or General Social Science.
International Education. The University of Oregon has proposed withdrawing from participation in the four foreign study programs operated by the State System in order to save instructional costs to the institution for the approximately 60 University of Oregon students who each year enroll in these programs.

System institutions have cooperated in offering foreign study programs since establishment of an interinstitutional foreign study committee in 1965. Withdrawal of the University from this cooperative endeavor will reduce enrollment in the programs to a level which will make their continuation much too costly. (Presently the cost of the programs to the institutions is the average cost of instruction for undergraduate students. All additional costs are paid by the student participants as a tuition surcharge.)

The University of Oregon has suggested that it explore with Oregon State University, which administers these programs, ways in which their costs to the institutions can be reduced, while still offering students an educationally sound foreign study experience. This review is proceeding. The Chancellor will make a recommendation addressed to continuation of the State System's foreign study programs at the January 1982 meeting of the Board. Meanwhile, the amount identified with this proposed reduction has been left in the University of Oregon summary, but the decision as to where the reduction will be made is to be determined.

Categories of Reduction

1. Reductions in Instruction in the Arts and Sciences.

Reductions in enrollment, either anticipated or already realized, permit reductions in general education programming, which, in turn, permit reductions in faculty, staff, and support services in the arts and sciences.

2. Reductions in Professional Programs.

Instructional programs of professional schools are reduced largely through discontinuing a number of the specialized courses offered, eliminating entire programs, and lessening the numbers of students served.
Significant reductions in numbers of students admitted to/enrolled in professional programs of study are proposed in order to reduce costs while preserving quality in fields of high student interest:

<table>
<thead>
<tr>
<th>Program &amp; Reduction</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dentistry - entering class from 80 to 65.</td>
<td>OHSU</td>
</tr>
<tr>
<td>Dental Hygiene - entering class from 30 to 24.</td>
<td>OHSU</td>
</tr>
<tr>
<td>Medicine - entering class from 115 to 90.</td>
<td>OHSU</td>
</tr>
<tr>
<td>Nursing - total baccalaureate degree enrollment from 440 to 330 over three-year period.</td>
<td>OHSU</td>
</tr>
<tr>
<td>Nursing - associate degree entering class from 48 to 36.</td>
<td>OSU</td>
</tr>
<tr>
<td>Pharmacy - entering class from 110 to 80.</td>
<td>OSU</td>
</tr>
<tr>
<td>Architecture - total enrollment from 615 to 570.</td>
<td>UO</td>
</tr>
<tr>
<td>Music - total enrollment, undergraduate and graduate, from 520 to 470.</td>
<td>UO</td>
</tr>
<tr>
<td>Law - the University is studying a reduction in the size of the entering class effective fall term 1982 or 1983.</td>
<td>UO</td>
</tr>
</tbody>
</table>

The numbers of new students certified each year for study in professional programs not offered by the State of Oregon under the WICHE professional student exchange program has been reduced from 50 to 37.

In addition to the above, admission requirements have been or are being implemented which limit/reduce the numbers of students admitted to the following undergraduate programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering.</td>
<td>OSU, PSU</td>
</tr>
<tr>
<td>Business Administration.</td>
<td>UO, OSU, PSU</td>
</tr>
<tr>
<td>Basic Endorsement in Physical Education.</td>
<td>UO, OSU, PSU, WOSC</td>
</tr>
<tr>
<td>Basic Endorsement in Language Arts.</td>
<td>OSU</td>
</tr>
<tr>
<td>Elementary Education¹/</td>
<td>UO, OSU, WOSC</td>
</tr>
</tbody>
</table>

¹/All of the State System institutions preparing teachers have adopted increasingly rigorous standards for admission to and retention in the professional certification programs. Three institutions have imposed a limit on the numbers of new students accepted into their elementary education program each year: 210 at WOSC; 125 at OSU; and 100 at UO.
Meeting #481

Revised OAR 580-40-040, Academic Year Fee Book

Staff Report to the Board (12-81-34b)

The instruction fee component of tuition charges to students applies toward support of education costs recorded in the Education and General Services program. The 1981-82 academic year tuition and fee rates approved by the Board at its meeting on August 7, 1981, resulted from tuition policy and budget plans developed by Board, Executive Department, and legislative actions on the 1981-1983 Biennial Budget. Instruction fee income estimates were based on the rates for projected numbers of students in determining the portion of expenditures to be supported by student fee income. The number of students and the mix of students by resident/nonresident, undergraduate/graduate, full-time/part-time classifications were the bases on which the resource estimates were prepared.

Biennial budgets for Higher Education are derived from annual revenue and expenditure plans. Each year the Board's staff must compare initial projections of enrollments and revenues with revised projections resulting from fall term experience to determine whether revisions of income and expense plans are required. Those comparisons for Fall Term 1981 reflect smaller numbers of students and changes in the mix of students that result in an instruction fee shortfall for 1981-82 of approximately $2.2 million. These changes, when projected into 1982-83, produce an estimated shortage in the resources planned for support of operations in the second year of the biennium. In addition, enrollments in excess of ceiling at Oregon State University and Oregon Institute of Technology produced revenue in year 1981-82 that should not be anticipated in year 1982-83. Accordingly, an income shortfall approximating $4.1 million is projected for 1982-83. This biennial shortfall, approximating $6.3 million, results from enrollment changes unrelated to the program reductions and changes in admissions requirements being planned for 1982-83. The staff recommendation for the first priority of general fund reduction packages related to the 20% reduction plan the Board is considering today contains a proposed increase in tuition income of $2,460,000. In addition to this amount, we also need to increase our income $825,000 to meet an underfunding in the legislatively approved biennial budget. The sum of these three items - $6,300,000, $2,460,000, and $825,000 - is $9,585,000.

The recommended method of raising this money is to institute an instruction fee surcharge for full-time students effective January 1982, as follows:

All students at Portland State University, Eastern Oregon State College, Southern Oregon State College, and Western Oregon State College - $25 per term;

All students at Oregon Institute of Technology, Oregon State University, (except students in veterinary medicine), the University of Oregon and students in nursing, medical technology, and dental hygiene at the Oregon Health Sciences University - $50 per term;

Students in veterinary medicine at Oregon State University, and medical and dental students at the Oregon Health Sciences University - $120 per term;

Surcharges to part-time students are to be prorated in the same relationship which now exists with respect to the regular instruction fee;

The surcharge for one semester will be 150% of the surcharge for one term.

The surcharges recommended above are estimated to produce $10,150,000 if extended for the five terms remaining in the biennium and if there are no further declines in enrollment or changes in mix in favor of lower tuition students.

The difference between the $10,150,000 and the $9,585,000 requirement leaves a small cushion of $565,000 which is expected to disappear because of further declines in enrollment.
The 1981-1983 budget plan for Higher Education has sustained extensive reductions in levels of service in comparison to prior periods. Program and funding reductions occurred in both the Governor's Recommended Budget and the legislatively-authorized budget. Forecasted reductions in General Fund revenue portend further program cuts. Were it not for the magnitude of reductions already taken and those in prospect, alternatives to the tuition surcharge might be feasible. It appears, however, that students will be better served if, through the tuition surcharge, reductions in programs are no more severe than are necessary under the financial constraints now known and on the near horizon.

Adoption of a temporary rule requires the Board to find that failure to act promptly will seriously prejudice the public interest or the interest of the parties concerned. The revenue shortfall would result in serious consequences. Each term in which the surcharge is applicable will generate about two million dollars of resources to help sustain programs which would otherwise be curtailed precipitously.

ORS 351.070 authorizes the Board of Higher Education to set tuition, fees, and charges at the institutions under its jurisdiction. The surcharges are to be incorporated in the Academic Year Fee Book for 1981-82 which was adopted by the Board on August 7, 1981. They are also to be presented as components of the 1982 Summer Session Fee Book and the 1982-83 Academic Year Fee Book unless other alternatives are subsequently approved. Adoption of the temporary rule is necessary to apply the surcharge to student fees for Winter Term 1982. A motion incorporating the necessary findings and the adoption of a temporary rule has been prepared for Board consideration. The adoption of a permanent rule will be recommended after action on our budget during the forthcoming special session of the Legislative Assembly.

Staff Report to the Board (12-81-35b)

Officials of Southern Oregon State College have obtained an option from Jennie Marie Miller for the proposed sale of her property at 1363 Quincy Street, Ashland, to the Board in the amount of $42,200. The option price corresponds to the market values determined from two recent independent appraisals—one by Kent L. Puckett and the other by Curtis E. Riegel.

The land parcel contains approximately 10,726 square feet, or 0.246 acres, with 62 feet fronting on the street. The adjacent properties on all three sides are owned by the Board. In accordance with the long-range development plan of the College, this area in the northern portion of the campus is designated for student housing.

The wood-frame single-story residence has a living room, country kitchen with dining area, two bedrooms, bath and laundry. There is also a one-car garage. The improvements are presumed to have been constructed more than thirty years ago and are in fair condition.

Funds required for the purchase of the property would be provided from proceeds available from the sale of bonds under the provisions of Article XI-F(1) of the Oregon Constitution and/or from balances available from housing operations at the institution.
COMMUNICATIONS RECEIVED PERTAINING TO VARIOUS PROPOSED BUDGET REDUCTION ITEMS

FROM--

Patricia A. Wells, President, OSU Faculty Senate--transmitting two motions adopted unanimously by the Faculty Senate on December 3. The first urged the OSU Department of Information to do all it could to mobilize action by OSU friends and alumni to maintain and protect quality at the institution. The second motion reaffirmed the Guidelines for Possible Budget Cuts and opposed across-the-board budget cuts in the form of furloughs or deferred pay increases.

Toshiko Morita, OSU Research Associate, favoring cutbacks in nonessential or duplicatory programs rather than in professional schools.

Andrew Nisbet, representing Associated Students of Portland State University, opposing budget cuts proposed for Portland State University on the basis that while they may be appropriate if Portland State were considered separately, it would be preferable to make the cuts on a system-wide basis.

LETTERS CONCERNING--

Center for the Moving Image, PSU, expressing its importance to employers who hire students trained in the program and to those who have participated in the program and found employment in the field. They include letters from the following:

Mr. Morrie Warshawski, Executive Director, The Media Project, Portland  
Mr. Jon M. Dickinson, Portland  
Mr. Tom Prassis, New York City—a former student  
Ms. Susan Sweeney, Secretary, Storefront Theatre, Portland  
Mr. Franklin D. Hood, President, Teknifilm, Inc., Portland  
Ms. Denise Brooks Jacobson, Los Angeles, California—a former student  
Mr. Richard Caplan, Los Angeles, CA—a former student  
Mr. Jim Likowski and Mrs. Bonnie Thompson Likowski, Rainlight Films, Milwaukee  
Ms. Patricia Kemp, Portland  
Ms. Martha Gies, Administrator, The Motion Picture Seminar of the Northwest, Seattle  
Ms. Deborah Z. Lee, Portland—present student.  
Mrs. Irilla Swanson, OEPBS, Portland  
Mr. Phred Hutchison, Portland  
Ms. Sandra Wallsmith, Portland teacher  
Mr. Michael D. Costello, Portland  
Mr. William A. Bowling, Jr., Warner Bros., Burbank, California  
Mr. Ric Young, President, Actors’ Storefront Theatre, Portland  
Mr. Frank E. Nuessel, Executive Vice President and General Manager, Cablesystems Pacific, Portland  
Mr. Karl Simon, Manager, Audio Visual Video Services, Good Samaritan Hospital and Medical Center, Portland  

Medical Technology Program, OHSU, expressing concern about the loss of personnel trained in this program at a time when they are needed in modern health care, from:

Dr. John A. Hare, Associate Professor of Biology, Linfield College, McMinnville  
Mr. Kent M. Batley, Blood Services Committee, American Red Cross, Pacific Northwest Region, Portland  
Ms. Ann Zoll, Portland  
Ms. Betty G. Marshall, Administrative Technologist, Medical Diagnostic Laboratory, Portland
Programs affecting foreign language instruction and international programs, stressing the need for this instruction and its importance in many areas of endeavor. Communications were received from:

- Ms. Linda F. Vincent, Springfield
- Ms. Linda Wiltse, President, Oregon Foreign Language Council, Mill City
- Ms. Renee Irvin, Eugene
- Ms. Mary E. Yoke, Eugene
- Ms. Ruth Kraiman, Eugene
- Dr. Thomas Nadar, Assistant Professor of German, UO, Eugene
- Ms. Maggie Lear, Eugene
- Ms. Erika Heppner, Eugene
- Ms. Joyce Homes Benjamin, Chairman, Governor's Commission on Foreign Language and International Studies

Administrative Office Management Program, SOSC--individual letters and petitions from SOSC students, business and community leaders and office employees in the Southern Oregon region opposing budget cuts which affect this program.

Stressing importance of department of architecture and landscape architecture at Oregon State University and opposing closure of the department:

- Mr. Calvin T. Bishop, President, American Society of Landscape Architects
- Mr. William G. Swain, ASLA, Pittsburgh, PA
- Mr. Bruce N. Newhouse, Springfield
- Mrs. Bunice Cottrell Brandt, Eugene
- Ms. Jean M. Nath, Corvallis
- Mr. David R. Palmer, City Manager, Toledo
- Dr. John R. Berry, Member, Benton County Park Board and Mary's River Task Force, Corvallis
- Mr. George Fredan, Landscape Architect, Gresham
- Mr. Greg B. Matte, Planner, City of Fresno, California
- Mr. Felix Tan, Kokomo
- Mr. Andrew J. Leisinger, Salem
Two communications signed by faculty members in the Department of Civil Engineering were received. They dealt with the essence of a university and portions were quoted in the main body of the minutes.

Faculty in the liberal arts areas of the School of Education at Oregon State University opposed cuts in certain basic secondary certification programs.

A resolution was received from the Faculty Senate at Southern Oregon State College expressing appreciation for the faculty participation in making the 4% reduction decisions at that institution.

Opposing closure of Children's Psychiatric Day Treatment Center, OHSU from:

State Representative Ed Lindquist, enclosing 17 letters he had received
Margaret D. Strachan, Commissioner of Public Utilities, City of Portland
Mildred A. Schwab, Commissioner of Public Affairs, City of Portland
Board of County Commissioners, Multnomah County--resolution
Gigi Gandy, Staff Administrative Assistant, Boys and Girls Aid Society of Oregon
Allan J. Thede, Superintendent, Multnomah County Education Service District
Robert L. and Nancy L. Jarvis, Portland
Eighteen letters from parents, grandparents, teachers, and friends of pupils in the school and from the pupils themselves.