J. Alltucker Introduced

CHANCELLOR'S REPORT
   Appointments of Interim Presidents
   Allocation for High Technology Development and Delivery
   Salem Office
   Strategic Planning
   Joint Education Programs at OSU & WOSC

1983-1985 Biennial Budget Request

COMMUNICATIONS

ADJOURNMENT
A special meeting of the State Board of Higher Education was held in the
Portland Room, Michael J. Smith Memorial Center, Portland State University,
Portland, Oregon.

The meeting was called to order at 9:30 A.M., August 24, 1982, by the
President of the Board, Mr. Robert C. Ingalls, and on roll call the following
answered present:

Mr. Alvin R. Batiste  Mr. Louis B. Perry
Mrs. Jane H. Carpenter  Mr. James C. Petersen
Mrs. Harriett J. Flanagan  Mr. Loren L. Wyss
Mr. Randal D. Gill  Mr. Robert C. Ingalls
Mr. Edward C. Harms, Jr.

Mr. John Alltucker who was recently appointed to the Board was present
at the meeting. His confirmation is scheduled for early September.

Absent: Mr. Weatherford was absent for personal reasons.

OTHERS PRESENT

Centralized Activities--Chancellor William E. Davis; Secretary W. Ilma L. Foster;
J. I. Hunderup, Vice Chancellor for Facilities Planning; Clarethel Kahananui,
Acting Vice Chancellor for Academic Affairs; W. T. Lemman, Jr., Vice Chan­
cello for Administration; Wil Post, Acting Vice Chancellor for Public Affairs;
Melinda Grier, Compliance Officer; Jerry Casby, Assistant Attorney General;
Davis Quenzer, Assistant Budget Director; Victor L. Baldwin, Director,
Teaching Research; Michael Stewart, Business Manager, Teaching Research;
Larry Pierce, Special Assistant to the Chancellor; James Morgan, Chairman,
Interinstitutional Library Council; Virginia Avery, Acting Director, Public
Services and Publications.

Oregon State University--President Robert MacVicar.

University of Oregon--President Paul Olum; Richard J. Hill, Provost; Paul
Holbo, Vice Provost.

Oregon Health Sciences University--J. T. McGill, Vice President for Finance
and Administration; M. A. Lockwood, Executive Assistant to the President;
Barbara Gaines, Associate Dean, School of Nursing; Peter Wollstein, Assistant
Vice President, Budget and Finance; Linda Hinds, Budget Director.

Portland State University--President Joseph C. Blumel; James E. Todd, Vice
President, Finance and Administration; John Gruber, Vice President for
Academic Affairs; J. K. Harris, Budget Director; John Ellis, Professor;
C. L. Hein, Director, News and Information Service; H. Erzurumlu, Dean,
School of Engineering; Thomas D. Morris, President, State Federation,
American Association of University Professors; Dawn Dressler, Interinstitu­
tional Faculty Senate; Fred Waller, President, Association of Oregon
Faculties.

Eastern Oregon State College--President Rodney A. Briggs; David E. Gilbert,
Dean of Academic Affairs; James C. Lundy, Director of Business Affairs.
William P. Wells, Dean of Student Affairs.

Oregon Institute of Technology--Acting President W. M. Douglass; John H.
Smith, Dean of Administration.

Southern Oregon State College--President Natale A. Sicuro.
Western Oregon State College--Interim President James H. Beaird; Dori Beeks, Assistant to the President.

Others--Ken Johnson, Governmental Representative, Association of Oregon Faculties; Robert Watrus, Executive Director, Oregon Student Lobby; Steven Mayes, Editor, Vanguard.

J. Alltucker Introduced

Mr. Ingalls introduced Mr. John Alltucker who was recently appointed to the Board of Higher Education. Mr. Ingalls welcomed Mr. Alltucker to his first meeting.

CHANCELLOR'S REPORT

Appointments of Interim Presidents

Dr. David Gilbert, Dean of Academic Affairs at Eastern Oregon State College, was appointed as interim president of that institution, effective August 9, 1982.

Allocation for High Technology Development and Delivery

The Chancellor announced that Dr. James Beaird, Provost at Western Oregon State College, had been appointed as interim president of that institution, effective August 1, 1982.

The Chancellor reported that the allocation of the grant for high technology development and delivery in the Portland area would include $400,000 for the proposal submitted by Portland State University and $275,000 for the proposal presented by Oregon State University.

The State System's organization for the advancement of technology and research has met. Dean Burgess is serving as chairman of that committee. This council includes representatives from Portland State University, the University of Oregon, Oregon State University, the regional service institutes at the regional colleges, and some private institutions and private industries.

The Chancellor commented also on the meeting sponsored jointly by the Governor and the State System in conjunction with the attendance of North Carolina officials at the meeting of the Education Commission of the States. Governor James Hunt of North Carolina and Dr. Larry Blake, President of the North Carolina System of Community Colleges, made presentations pertaining to the development of high technology and research in North Carolina over the past few years. The program has attracted something over $10 billion of new industry to the state. The meeting was well attended and offered insights into the possibilities of such a program for Oregon.

Mr. Batiste requested the Chancellor to comment on the coordination between the outside consortium and the Board's high technology committee. The Chancellor explained that $500,000 had been appropriated by the last Legislature contingent upon $500,000 in matching funds. These resources were placed under the jurisdiction of the Educational Coordinating Commission and a consortium was established to determine the allocation of the $1 million. The consortium recommended the formation of an advisory council. The advisory council advises the consortium, the consortium advises the Coordinating Commission, the Commission makes recommendations to the Emergency Board, and the latter carries out the will of the Governor. The State System organization is composed of six institutional representatives and other invited representatives from education and industry. The group will advise the Chancellor's Office. It will have a director who is a special assistant to the Chancellor and who will be located in Portland on the Portland State University campus. This individual will coordinate the activities, curriculum, and resources of the various member institutions of the System in terms of program delivery and act as the State System's representative in interaction with the 100 to 150 high technology businesses and industries which may be located potentially in Oregon.
A suitable office building has been located in Salem to house Mr. Post's office and staff. Facilities will be available to strengthen the liaison to the executive and legislative branches of government. The building is a two-story residence on Winter Street next to the Governor's residence and will have at least eight offices and a conference room.

The strategic planning is moving rapidly, and a more detailed report should be available for the Board retreat. Papers, reports, and documents are in preparation, and the cooperation has been very good.

The Chancellor reported that he had asked the Presidents and deans of education at Western Oregon State College and Oregon State University to develop a joint teacher education program as the initial step in a system-wide review of teacher education programs in Oregon. The responses of both institutions have been cooperative and much progress has already been made in planning for the combined program. The joint teacher education program at WOSC and OSU would be called the Oregon College of Education. It would be jointly funded by the two institutions. There would be a single dean and a single administrative structure. A common faculty would be located on two campuses and for the time being their appointments, tenure, and salaries would be in one or the other institution. The possibility of tying Teaching Research more closely to the instructional and research programs of the new Oregon College of Education also is being examined.

The Chancellor said he believed this reorganization would substantially improve the teacher education programs at both institutions and at the same time produce substantial savings for reallocation to other high priority programs.

The Chancellor reported that he had asked the six deans of education to come up with a proposal for improving the quality of teacher education programs in the State System. Among the suggestions they were asked to consider were a five-year teacher education program, more stringent entrance requirements, more rigorous courses in their subject disciplines, and more extensive internships under careful supervision. If the colleges cannot provide a fifth required year, students should be permitted to transfer to one of the universities for their final fifth year.

Both of these steps are part of the System's strategic planning process and there would be a full discussion of these proposals at the Board retreat next month.

The Chancellor indicated the proposal was expected to result in a more efficient operation and substantially improved quality and that it represented part of the strategic planning process. It is anticipated that approximately ten positions ultimately may be eliminated, with potential savings of possibly $300,000. The cooperation of the institutions in developing an effective relationship is essential for the success of the plan, but there is a real potential for a very excellent program. The Chancellor also commented that there is the impression that an over-supply of teachers exists, but there are shortages in several subject fields.

Mr. Petersen asked whether the Chancellor envisioned that the joint education program ultimately would involve the education offerings at the other State System institutions. The Chancellor responded that the WOSC-OSU program was a beginning. There would be the potential for a strong cooperative effort which would involve other institutions and which would probably require a full-time academic position to coordinate.

Mr. Gill asked about the effect of the restructuring on students currently enrolled in the College of Education at Monmouth. The Chancellor indicated that there should be a very positive impact because the best resources and courses would be available to the students of both campuses. There would be a strengthening of the supervision of the graduate work. The emphasis
will be on voluntary cooperation to provide the best quality of instruction. If the program were extended to include other institutions, the goal would be to provide the best quality of instruction and services in the various regions of the state.

With respect to the effect of the proposal on Western Oregon State College, the Chancellor said he saw it as a step forward, not only for Western Oregon State College, but in terms of coordinating the Oregon State program and building a truly outstanding College of Education under some new concepts and guidelines. It is building on 125 years of history and tradition at Western Oregon State College. The objective of this and other future program modifications of a similar nature would be to concentrate on getting the right faculty to the students in the right place to have a viable program.

At its meetings in May, June, and July, the Board of Higher Education reviewed policy recommendations concerning the Department's Biennial Budget Request, requests for restoration of previously financed service levels, and some program enhancement. The Board also considered tentative recommendations for a number of decision packages but postponed consideration of priorities until complete information could be made available. The Board approved the capital construction budget request at its July meeting. Statewide public service division requests have been prepared following the same general guidelines used in preparing the Education and General Service request. The statewide public service requests were reviewed by the Board for the first time at this meeting.

**Staff Recommendation to the Board**

It was recommended that the Board reaffirm its prior actions, approve the priorities and amounts of the decision packages submitted herewith, and approve as its recommendation to the Governor for the Department's 1983-1985 budget the amounts and distribution of funds shown at the end of the summary on page 415 entitled "Total Budget Request 1983-1985" which aggregates $1,100,070,495 from all sources of funds and including both operating and capital construction budgets.

The staff report stated that the Board had spent many hours reviewing requests and considering alternatives, and summarized these activities.

**Education and General Services**

**APLS II**

The state of Oregon's Biennial Budget system for 1983-1985 is the second iteration of its version of zero-base budgeting—the Alternative Program Level System or APLS II. The fundamental components of the system are that each agency is instructed to use the 1982-83 service level as the basis for constructing its budget; that the 1982-83 appropriation forms the base to which adjustments are made to determine the 1983-1985 base budget; that the ratio of General Funds to Other Funds existing in 1982-83 is to be extended through the 1983-1985 Biennium; that agencies request changes in financing higher or lower levels of workload, restoration of previous budget cuts, improvements in quality of service or activities, the implementation of new programs, etc., by submitting a prioritized list of "Decision Packages"; and that each agency is to submit Reduction Option Packages totaling 20% of the adjusted base budget which may be used by the Governor in the event there is insufficient General Fund revenue forecast for 1983-1985 to finance the adjusted base budgets of all agencies in 1983-1985.

**Adjustments to the Base**

Because of the nature of budget reductions for the current biennium made by the Legislature in both regular and special session and decisions by the Board necessitated by those legislative actions, adjustments to the 1982-83 base budget are extensive. For example, the 1981-1983 amount necessary for debt service on Article XI-G bonds is $10,343,000. Since capital construction previously authorized to be financed from those bonds was not undertaken—indeed, the projects have been postponed indefinitely—the...
Legislature approved the transfer of $4,438,488 of unused proceeds from bond sales and excess interest earnings to the debt service sinking fund thereby reducing the current appropriation to $5,900,000. The 1983-1985 debt service requirement is $12,900,000. It thus appears in this presentation that the State Board of Higher Education is requesting an increase of $7,000,000 in the appropriation for debt service—an increase of about 120%, when in truth the increase in level of appropriation is from $10,343,000 to $12,900,000, or about a 25% increase.

Similarly, salary adjustments authorized in the second year of the current biennium are financed only for one year (and in some cases only for part of a year) while those same salary adjustments have to be financed for a full two years in the next biennium.

The adjustments to the base also include allowances for inflation in each year of the biennium for services and supplies, energy, books and equipment; the reestablishment of an assessment from the state's self-insurance fund of $1,300,000; and adjustments to pay for increases in the costs of contributions to the state's retirement fund and to Social Security, among others. These adjustments to the base are detailed in the attached exhibits on pages 11 to 16 of the full report. The adjustments to the base resulting from the application of the Executive Department instructions to all state agencies total $55,184,782 or 10.8%.

A Major Issue

A major issue arises from the application of the third APLS II guideline—that of maintaining the 1982-83 ratio between General Funds and Other Funds. For a number of biennia, state General Fund appropriations have financed approximately 63%-65% of the Education and General Services budget. The combination of General Fund reductions and large increases in instruction fees in the current biennium (including the surcharge authorized by the Board) has changed this ratio to slightly less than 58% state General Funds and slightly more than 42% Other Funds, principally instruction fees. The level of instruction fee (often referred to as tuition) was much debated during the regular and first special session of the Legislative Assembly. Indeed, in the budget report of the Education Subcommittee, the following statement is made:

"This shifting from General Fund support toward greater reliance upon student tuition raises the threat that many Oregonians may be denied access to a higher education, that individuals will be turned away on the basis of ability to pay rather than for lack of academic ability."

The statement continues:

"The Subcommittee strongly disapproves of...the proposed practices cited above as being counter-productive to maintaining a quality system of higher education."

The Board previously instructed the staff to include in the formulation of the 1983-1985 Biennial Budget request a rollback of the tuition surcharge, and the staff has earlier advised the Board that reestablishment of a rational tuition policy is deemed an imperative.

The budget instruction to maintain the current ratio of General Funds and Other Funds and the Board's instruction to roll back the tuition surcharge are contradictory. In fact, if we merely freeze tuition in 1983-1985 at the present (1982-83) levels, including the surcharge, the maximum Other Funds income which can be expected based upon the declining enrollments forecast in each year of the next biennium is $205,100,000. The amount required to finance the adjusted base level using the current General Fund-Other Fund ratio is $238,100,000 or $33,000,000 more than forecast income if tuition remains at current levels. The alternative is a further tuition increase of approximately 16.4% each year of the next biennium. If such increases were implemented, resident undergraduate tuition would have
increased over two biennial periods from $693 in 1980-81 to $1,515 in 1984-85, or 119%, and could be expected to continue and probably to accelerate the spiral of enrollment declines related to inability to pay.

The point of this discussion is that the adoption of the proposed adjusted base budget in 1983-1985 by the Governor and the Legislature, which one would ordinarily expect to finance us adequately at the 1982-83 service level, will not result in adequate financing unless there is a shift of approximately $33,000,000 from Other Funds to General Funds in the process. Such a shift, incidentally, would result in General Fund support of about 63% of the budget, the low side of prior relationships between General Funds and Other Funds. A full discussion of the tuition issue is found in Decision Package 006 beginning on page 38 of the full report.

Summary of Proposals

There appears on page 415 of the attached material a summary of the proposed Biennial Budget request by appropriation line, source of funds, including summaries of the adjustments to the base and decision packages by the same categories.

Most of the decision packages summarized on page 416 have been presented to the Board before but not in proposed priority order. The rationale for the proposed order of priority is as follows:

Priority 1. It is necessary to finance the operation and maintenance of buildings which either came on line during 1981-1983 for less than the full two-year period or which will come on line during 1983-1985. Since there is no escaping this expense, it is given first priority.

Priority 2. The Board approved an increase in the 1982-83 faculty salary adjustment from 9-1/2% to 11-1/2%, with a substantial portion of the increase to be implemented late in 1983. In order to finance the additional 2% for the full twenty-four months, approximately $5,300,000 is required and it is thus given a high priority in the request.

Priority 3. Institution specific requests in the areas of computer science, engineering, and cell biology are proposed for a high priority because of their direct relationship to the economic recovery of the state and to the State System's plans for enhancing institutional programs in these areas to meet student demand and to increase Oregon's competitiveness for maintaining, enlarging, and attracting high technology industry.

Priority 4. Improvement in the capability of the Oregon Health Sciences University to provide management services to its hospitals and clinics has been recognized for several years but financing has not been available. Under the terms of this proposal, the improvements would be financed from charges to the hospitals and clinics and thus would require no additional General Fund dollars.

Priority 5. Although the new Library Building at Oregon Institute of Technology was completed in the fall of 1981, no staffing was provided in addition to that which existed in the former smaller facility. This request is proposed for high priority because of the necessity to provide adequate staffing for the facility.

Priority 6. This item describes the amount required in additional General Fund support to finance the base budget assuming the amount of Other Funds actually in prospect, if tuition is frozen at current levels.

Priority 7. Although we had hoped to disconnect our level of financing from enrollments in light of the substantial budget cuts that have been made in the Education and General budgets over the last two years, discussions with the Executive Department concerning the state's financial circumstances make it apparent that some adjustment in the budget related
to declining enrollments must be included. Decision Package 007 described on pages 43 and 44 of the full report outlines the consequences of applying past policies regarding the funding of enrollment increases or decreases to the declining enrollment expected from 1982-83 levels to those expected in 1983-1985, as described on pages 17 and 18 of the full report.

**Priority 8.** This priority is proposed for the Board's request to restore the competitive position of faculty salaries. The Board and the Education Subcommittee of the Ways and Means Committee of the Legislature have consistently given high priority to this item. Although it appears as eighth on the list, in reality only the request for program improvements related to economic development (Item 3) and the small item for the staffing of the OIT Library (Item 5) are placed in higher priority since the other items do not change the existing service level or quality level of the institutions but are included in these decision packages because of the state's methodology of presenting budget requirements.

Priorities 9 through 13 are those Systemwide items which the Board has emphasized need restoration to former levels of support.

**Priority 14.** This priority is that of the institution specific program enhancements which necessarily fall below the System priorities.

**Reduction Packages**

In our description of the APLS guidelines, reference was made to the instruction to provide reduction options to be used in the event sufficient General Funds to finance the base budgets were not available. These reduction options are not included with this material because discussions are continuing with the Executive Department concerning whether such options can be quite general in nature or must be rather specific. Depending upon the outcome of these discussions, these reduction items will either be presented at the meeting or postponed until the September 10 regular meeting of the Board.

**Concluding Statement**

It may appear to those who are not familiar with the mechanics of governmental budgeting and the effect of decisions made during the regular and special sessions of the Legislature that the Board’s requests for adjustments to the base as well as decision packages are insensitive to the status of Oregon’s economy and the plight of the Governor and the Legislature in attempting to meet the needs of all levels of government and the many demands of our citizens. Nothing could be further from the truth. The Board and its staff and institution presidents and their staffs have agonized over the mentioned problems presented by the budget reductions and how to cope with the realities of the forthcoming biennium. The Board and its staff have placed severe limitations on institution and Systemwide requests. The amounts proposed in the decision packages represent only a minor fraction of the direct needs of Higher Education in Oregon if the goals of high quality and a high level of access at affordable tuition rates are again to become a reality.

**Statewide Public Services**

**Adjustments to the Base**

Adjustments to the base of the several statewide public service divisions are identical in nature to those used in formulating the adjustments for the Education and General budgets and thus the detail is not shown here. The amounts of the adjustments appear in the summaries for the statewide service units shown on pages 417 through 422.

**Decision Packages Generally**

In all cases, the first priority decision package is the request to fund the increase in the salary adjustment from 9-1/2% to 11-1/2%. This is similar to Decision Package 002 for Education and General Services.
University Hospital

The second priority decision package at the Hospital relates to a projected decline in workload from those experienced in 1981-1983 which result from the general economic climate and restrictions imposed on indigent care. The next priority relates primarily to an increase in the budget to finance debt service for construction projects authorized in 1981 and future projects requested in the 1983-1985 capital construction budget. Other priorities relate to major replacements of technologically obsolete equipment and the acquisition of "state of the art" diagnostic and therapeutic services. Details of the decision packages appear on pages 78-98 of the full report.

Crippled Children's Division

The priorities of the Crippled Children's Division are to increase the level of services in the southern region of the state, to continue providing genetic counseling to Oregon residents by replacing lost federal funds with state funds, and to increase the level of purchased services to that existing before recent budget cuts. These and other priorities are detailed on pages 99-105 of the full report.

Dental Clinics

The request of the Dental Clinics is for a small sum of money to replace and repair equipment which can be financed from patient revenue. This priority and the reduction packages appear on pages 106-111 of the full report.

Agricultural Experiment Station

The top priority at the Experiment Station is to make a major increase in the activities related to crop production and pest management. The second priority proposes to establish a Center for Agricultural Trade and Development, Research, and Education which is designed to enhance Oregon's competitive position in the export markets. These priorities and their reduction options are summarized on pages 112-125 of the full report.

Cooperative Extension Service

The top program priority of the Extension Service is to replace county agent positions cut as a result of earlier General Fund budget reductions. Their second priority would finance the acquisition and operation of a substantial number of microcomputers for use in county offices and on the campus. These and other priorities and reduction options are explained on pages 126-140 of the full report.

Forest Research Laboratory

The Laboratory's program in research related to the harvest and marketing of timber in coastal forests receives the top program priority, while research relating to the genetic improvement of trees to produce higher yields receives the second priority. The latter of these activities would be undertaken through a Pacific Northwest Tree Improvement Research Cooperative as explained on pages 141-146 of the full report.

Student Loans

The sole request for student loans is for $378,072 in General Funds, a reduction from the $488,210 appropriation in 1981-1983. The smaller requirement results from reduction in federal appropriations which are to be matched from this source. Details appear on pages 147-149 of the full report.

(The full budget report is on file in the Board's Office. The narrative and summary pages only are included in these minutes.)
### Department of Higher Education
#### 1983-1985 Biennial Budget Request
(\textit{Limited Budget})

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<th>CCD</th>
<th>DC</th>
<th>AES</th>
<th>CES</th>
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<td>12,955,906</td>
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| **Adjustment to Base** |         |     |    |     |     |     |                |                 |                     |             |              |                     |
| General Fund          | 31,961,927 | 1,841,501 | 355,964 | 19,149 | 2,159,128 | 1,086,838 | 192,780 | --            | 37,797,287 | --                |          |          |                     |
| Other Funds           | 23,732,855 | 18,796,616 | 420,208 | 265,229 | 1,254,998 | 838,412 | 353,647 | 596,688 | 45,767,853 | --          |          |                     |
| **Total**             | 55,704,782 | 20,637,217 | 956,477 | 284,378 | 3,414,126 | 1,925,250 | 546,227 | 596,688 | 83,565,140 | --          |          |                     |

| **1983-1985 Base Budget** |         |     |    |     |     |     |                |                 |                     |             |              |                     |
| General Fund          | 327,357,603 | 31,621,277 | 8,522,566 | 189,385 | 23,278,262 | 16,042,744 | 2,458,660 | --            | 407,470,497 | --                |          |          |                     |
| Other Funds           | 238,093,667 | 175,232,252 | 16,176,420 | 259,163 | 16,326,812 | 16,066,367 | 6,738,308 | 466,930,981 | --          |          |                     |
| **Total**             | 565,451,070 | 206,853,529 | 15,783,986 | 2,785,520 | 39,654,682 | 30,395,156 | 6,965,027 | 6,738,308 | 874,401,378 | --          |          |                     |

| **Decision Packages** |         |     |    |     |     |     |                |                 |                     |             |              |                     |
| General Fund          | 71,805,120 | 1,325,171 | 560,702 | 9,721 | 2,024,691 | 2,013,415 | 222,036 | --            | 77,960,856 | --                |          |          |                     |
| Other Funds           | (30,880,116) | 7,993,733 | 228,718 | 29,424 | 602,463 | (681,111) | 352,879 | 242,100 | (22,087,910) | --          |          |                     |
| **Total**             | 102,685,236 | 9,318,804 | 789,420 | 39,145 | 2,628,134 | 1,332,304 | 597,915 | 242,100 | 55,872,946 | --          |          |                     |

| **Total Budget Request 1983-1985** |         |     |    |     |     |     |                |                 |                     |             |              |                     |
| General Fund          | 399,162,723 | 32,946,448 | 9,083,268 | 199,106 | 25,302,953 | 16,056,159 | 2,680,606 | --            | 485,431,353 | 33,872,500 | 12,952,652 | 378,072 | 522,634,277 |
| Other Funds           | 207,213,351 | 183,225,985 | 7,489,838 | 2,625,559 | 16,779,803 | 15,645,701 | 4,882,246 | 6,980,608 | 444,842,971 | 82,792,500 | 23,157,857 | 18,176,550 | 568,969,875 |
| **Total**             | 606,376,074 | 506,171,433 | 16,573,106 | 2,824,665 | 42,082,836 | 31,701,860 | 7,562,942 | 6,980,608 | 930,274,324 | 116,665,000 | 36,110,309 | 18,554,622 | 1,101,604,255 |

| **Full-time Equivalent Staff** |         |     |    |     |     |     |                |                 |                     |             |              |                     |
| Base Budget            | 6,911.42 | 2,670.87 | 120.84 | 35.95 | 517.10 | 479.55 | 102.46 | 52.45 | 10,898.64 | --          |          |                     |
| Decision Packages      | (9.75) | 34.90 | 5.00 | -- | 16.50 | (19.05) | 4.20 | -- | 31.80 | --          |          |          |                     |
| **Total Request**      | 6,901.67 | 2,713.77 | 125.84 | 35.95 | 533.60 | 460.50 | 106.66 | 52.45 | 10,930.44 | --          |          |                     |
**Education & General Services**  
**Summary of 1983-1985 Biennial Budget Request**

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<td>$327,357,603</td>
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**Decision Packages**

1. New Building, Operation & Maintenance & Use Change  
   - 2.50  
   - 378,551  
   - 378,551
2. Fund Board Approved Salaries  
   (1981-1983)  
   - 34.40  
   - 4,022,998  
   - 4,022,998
3. Economic Development  
   - 5.00  
   - [450,000]  
   - 450,000
4. Improvement in Management - OHSU  
   - 2.00  
   - 103,200  
   - 103,200
5. OIT - Library Staffing  
   - 2.00  
   - 103,200  
   - 103,200
6. Freeze Instruction Fee at 1982-83 Rate  
   (1%)  
   - (111.00)  
   - (8,451,151)  
   - (8,451,151)
7. Enrollment Adjustment 1983-1985  
   (1% Policy)  
   - (975)  
   - 17,402,125  
   - 15,906,705  
   - 1,495,420
8. Restore Competitive Position of Faculty Salaries  
   - 35.85  
   - 2,392,164  
   - 2,392,164
9. Facilities Maintenance - Systemwide  
   - (975)  
   - 1,500,000  
   - 1,500,000
10. Libraries - Systemwide  
    - (975)  
    - 1,500,000  
    - 1,500,000
11. Computing - Systemwide  
    - (975)  
    - 1,500,000  
    - 1,500,000
12. Instructional Equipment - Systemwide  
    - (975)  
    - 1,500,000  
    - 1,500,000
13. Research - Systemwide  
    - (975)  
    - 1,500,000  
    - 1,500,000
14. Institution Specific Program Enhancement  
    - (975)  
    - 1,500,000  
    - 1,500,000

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<th>Subtotal Decision Packages</th>
<th>9.75</th>
<th>$40,925,004</th>
<th>$71,805,120</th>
<th>($30,880,116)</th>
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<td>Total Budget Request 1983-1985</td>
<td>6,901.67</td>
<td>$606,376,074</td>
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### University Hospital
#### Summary of 1983-1985 Biennial Budget Request

<table>
<thead>
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<tr>
<td>2,678.87</td>
<td>$186,215,612</td>
<td>$29,779,776</td>
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<td>$20,637,917</td>
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<td><strong>Subtotal Base Budget</strong></td>
<td><strong>$206,853,529</strong></td>
<td><strong>$31,621,277</strong></td>
<td><strong>$175,232,252</strong></td>
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#### Decision Packages

1. **Fund Board Approved Salaries 1981-1983**
   - Salaries $146,744
   - 23,464
   - $123,280

2. **Workload Decrease 1981-1983**
   - (37.70) $2,481,586
   - $2,481,586

3. **Debt Service Approved Capital Construction & New Building Operation & Maintenance**
   - 5.62 4,841,400
   - 4,841,400

4. **Major Patient Service Equipment**
   - 1,150,867
   - $1,150,867

5. **Patient Service Enhancements**
   - 25.98 1,697,115
   - 139,262
   - $1,557,853

6. **Administration/Management Service Enhancements**
   - 39.50 1,364,416
   - 1,364,416

7. **Oregon Poison Control & Drug Information Center**
   - 1.50 82,846
   - 82,846

8. **Nursing Student Clinical Experience**
   - 1,000,000
   - 1,000,000

9. **Debt Service Proposed Capital Construction**
   - 614,298
   - 614,298

10. **Administrative Prorate Enhancements**
    - 405,000
    - 405,000

11. **Restore Competitive Position of Faculty Salaries**
    - 497,804
    - 79,599
    - 418,205

**Subtotal Decision Packages**

- **34.90**
- **9,318,904**
- **1,325,171**
- **7,993,733**

**Total Budget Request 1983-1985**

- **2,713.77**
- **$216,172,433**
- **$32,946,448**
- **$183,225,985**

---

### University Hospital
#### Summary of Reduction Options 1983-1985

<table>
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<tr>
<th>FTE</th>
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<td>51.00</td>
<td>4,464,000</td>
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<td>2,915,000</td>
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<tr>
<td>56.00</td>
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<td>131.00</td>
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<tr>
<td>99.00</td>
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**Total Reduction Options**

- **374.70**
- **$25,048,586**
- **$6,200,000**
- **$18,848,586**
### Crippled Children’s Division
#### Summary 1983-1985 Biennial Budget Request

<table>
<thead>
<tr>
<th></th>
<th>FTE</th>
<th>Total</th>
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<tr>
<td><strong>Base Budget 1982-83 Service Level</strong></td>
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<td>$14,827,714</td>
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<td>535,964</td>
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<td><strong>Subtotal Base Budget</strong></td>
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<td><strong>Decision Packages</strong></td>
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<td></td>
<td></td>
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<tr>
<td>1. Fund Board Approved Salaries</td>
<td></td>
<td>51,689</td>
<td>28,083</td>
<td>23,606</td>
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<tr>
<td>2. Service Improvements in Southern Region</td>
<td>3.00</td>
<td>133,888</td>
<td>133,888</td>
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<tr>
<td>3. Bolster Statewide Genetics Program</td>
<td>2.00</td>
<td>120,000</td>
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<tr>
<td>4. Increase Purchased Services Budget</td>
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<td>88,255</td>
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<tr>
<td>5. Increase Administrative Prorate</td>
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<tr>
<td>6. Restore Competitive Position of Faculty Salaries</td>
<td>350,588</td>
<td>190,476</td>
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<td>160,112</td>
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<td><strong>Subtotal Decision Packages</strong></td>
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<td>789,420</td>
<td>560,702</td>
<td>228,718</td>
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<td><strong>Total Budget Request 1983-1985</strong></td>
<td>125.84</td>
<td>$16,573,106</td>
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### Crippled Children’s Division
#### Summary of Reduction Options

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<th>Other Funds</th>
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<tbody>
<tr>
<td>1. Service Reduction to Handicapped</td>
<td>4.19</td>
<td>$375,904</td>
<td>$340,904</td>
<td>$35,000</td>
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<tr>
<td>5. Service Reduction to Handicapped</td>
<td>4.19</td>
<td>375,901</td>
<td>340,901</td>
<td>35,000</td>
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<tr>
<td>6. Reduction in Grant Activity</td>
<td>2.81</td>
<td>195,639</td>
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<tr>
<td>7. Reduction in Purchased Services</td>
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<td>167,417</td>
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<td><strong>Total Reduction Options</strong></td>
<td>23.76</td>
<td>$2,242,568</td>
<td>$1,704,512</td>
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### Dental Clinics
#### Summary of 1983-1985 Biennial Budget Request

<table>
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<tr>
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<th>Other Funds</th>
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<tr>
<td><strong>Base Budget 1982-83 Service Level</strong></td>
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<td>$2,501,142</td>
<td>$170,236</td>
<td>$2,330,906</td>
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<td>284,378</td>
<td>19,149</td>
<td>265,229</td>
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<td><strong>Subtotal Base Budget</strong></td>
<td>35.95</td>
<td>$2,785,520</td>
<td>$189,385</td>
<td>$2,596,135</td>
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<tr>
<td><strong>Decision Packages</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Fund Board Approved Salaries 1981-1983</td>
<td></td>
<td>7,188</td>
<td>488</td>
<td>6,700</td>
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<tr>
<td>2. Capital Outlay</td>
<td></td>
<td>7,575</td>
<td>7,575</td>
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<tr>
<td>3. Restore Competitive Position of Faculty Salaries</td>
<td></td>
<td>24,382</td>
<td>1,658</td>
<td>22,724</td>
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<td><strong>Subtotal Decision Packages</strong></td>
<td></td>
<td>$39,145</td>
<td>$9,721</td>
<td>$29,424</td>
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<td><strong>Total Budget Request 1983-1985</strong></td>
<td>35.95</td>
<td>$2,824,665</td>
<td>$199,106</td>
<td>$2,625,559</td>
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### Dental Clinics
#### Summary of Reduction Options

<table>
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<tr>
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<th>FTE</th>
<th>Total</th>
<th>General Fund</th>
<th>Other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Reduce Clinic Activities</td>
<td>1.98</td>
<td>$139,276</td>
<td>$9,469</td>
<td>$129,807</td>
</tr>
<tr>
<td>2. Reduce Clinic Activities</td>
<td>1.98</td>
<td>139,276</td>
<td>9,469</td>
<td>129,807</td>
</tr>
<tr>
<td>3. Reduce Clinic Activities</td>
<td>1.98</td>
<td>139,276</td>
<td>9,469</td>
<td>129,807</td>
</tr>
<tr>
<td>4. Reduce Clinic Activities</td>
<td>1.98</td>
<td>139,276</td>
<td>9,469</td>
<td>129,807</td>
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<tr>
<td><strong>Total Reduction Options</strong></td>
<td>7.92</td>
<td>$557,104</td>
<td>$37,876</td>
<td>$519,228</td>
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### Agricultural Experiment Station

#### Summary of 1983-1985 Biennial Budget Request

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<th>FTE</th>
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<th>Other Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$36,040,556</td>
<td>$21,119,134</td>
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<tr>
<td></td>
<td></td>
<td>3,414,126</td>
<td>2,159,128</td>
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<tr>
<td>517.10</td>
<td>$39,454,682</td>
<td>$23,278,262</td>
<td>$16,176,420</td>
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</table>

#### Decision Packages

1. **Fund Board Approved Salaries 1981-1983**
   - FTE: ---
   - Total: 365,986
   - General Fund: 214,467
   - Other Funds: 151,519

2. **Crop Production and Pest Management**
   - FTE: 13.0
   - Total: 939,955
   - General Fund: 939,955
   - Other Funds: ---

3. **Agricultural Trade and Economic Development**
   - FTE: 3.5
   - Total: 230,568
   - General Fund: 230,568
   - Other Funds: ---

4. **Restore Competitive Position of Faculty Salaries**
   - Total: 1,091,645
   - General Fund: 639,701
   - Other Funds: 451,944

**Subtotal Decision Packages**: 16.50

**Total Budget Request 1983-1985**: 533.60

<table>
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<th>Other Funds</th>
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<tr>
<td></td>
<td></td>
<td>$42,082,836</td>
<td>$25,302,953</td>
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### Agricultural Experiment Station

#### Summary of Reduction Options

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<th>FTE</th>
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<th>Other Funds</th>
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<tr>
<td>15.14</td>
<td>$1,099,810</td>
<td>$1,099,810</td>
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<tr>
<td>17.29</td>
<td>1,121,754</td>
<td>1,120,754</td>
<td>1,000</td>
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<tr>
<td>22.14</td>
<td>1,838,756</td>
<td>1,120,104</td>
<td>718,652</td>
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<tr>
<td>20.15</td>
<td>1,177,192</td>
<td>1,120,104</td>
<td>57,088</td>
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<tr>
<td>74.72</td>
<td>$5,237,512</td>
<td>$4,460,772</td>
<td>$776,740</td>
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Total Reduction Options
# Cooperative Extension Service
## Summary of 1983-1985 Biennial Budget Request

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<tr>
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<th>Total</th>
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<th>Other Funds</th>
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<tbody>
<tr>
<td><strong>Base Budget 1982-83 Service Level</strong></td>
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<td>$28,444,306</td>
<td>$12,955,906</td>
<td>$15,488,400</td>
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<td><strong>Subtotal Base Budget</strong></td>
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<td>$30,369,556</td>
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<thead>
<tr>
<th>Decision Packages</th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>1. Fund Board Approved Salaries 1981-1983</td>
<td></td>
<td>322,852</td>
<td>210,267</td>
<td>112,585</td>
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<tr>
<td>2. Reinstate Extension Agents</td>
<td>4.00</td>
<td>230,716</td>
<td>230,716</td>
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<tr>
<td>3. Extension Computer System</td>
<td>7.00</td>
<td>1,116,264</td>
<td>920,264</td>
<td>196,000</td>
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<tr>
<td>4. Reduce Expenditure Limitation (30.05)</td>
<td>(1,338,892)</td>
<td>---</td>
<td>(1,338,892)</td>
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<tr>
<td>5. Restore Competitive Position of Faculty Salaries</td>
<td></td>
<td>1,001,364</td>
<td>652,168</td>
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<tr>
<td><strong>Subtotal Decision Packages</strong></td>
<td>(19.05)</td>
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| **Total Budget Request 1983-1985** | 460.50 | $31,701,860      | $16,056,159   | $15,645,701 |

---

# Cooperative Extension Service
## Summary of Reductions Options

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<tr>
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<th>Total</th>
<th>General Fund</th>
<th>Other Funds</th>
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</thead>
<tbody>
<tr>
<td>1. Reduce Professional Staff, Agriculture, Forestry, Marine, 4-H, Home Economics</td>
<td>9.20</td>
<td>$702,208</td>
<td>$702,208</td>
<td>$---</td>
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<tr>
<td>2. Eliminate State Support-Shared Programs</td>
<td>9.20</td>
<td>787,906</td>
<td>702,208</td>
<td>85,698</td>
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<tr>
<td>3. Reduce Professional Staff Assigned to Counties</td>
<td>16.50</td>
<td>1,018,659</td>
<td>702,208</td>
<td>316,451</td>
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<tr>
<td>4. Reduce Professional Staff Assigned to Develop Technical Information &amp; Dissemination</td>
<td>13.25</td>
<td>874,689</td>
<td>702,208</td>
<td>172,481</td>
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<td><strong>Total Reduction Options</strong></td>
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<td>$3,383,462</td>
<td>$2,808,832</td>
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**Forest Research Laboratory**

**Summary of 1983-1985 Biennial Budget Request**

<table>
<thead>
<tr>
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<th>Total</th>
<th>General Fund</th>
<th>Other Funds</th>
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<tr>
<td><strong>Base Budget 1982-83 Service Level</strong></td>
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<td></td>
<td></td>
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<tr>
<td>1. Fund Board Approved Salaries 1981-1983</td>
<td></td>
<td>72,192</td>
<td>25,484</td>
<td>46,708</td>
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<tr>
<td>2. Harvesting &amp; Marketing Coastal Forests</td>
<td>2.7</td>
<td>177,185</td>
<td>73,000</td>
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<tr>
<td>3. Tree Improvement Research Cooperative</td>
<td>1.50</td>
<td>103,710</td>
<td>37,128</td>
<td>66,582</td>
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<tr>
<td>4. Restore Competitive Position of Faculty Salaries</td>
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<td>244,828</td>
<td>86,424</td>
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<td><strong>Subtotal Decision Packages</strong></td>
<td>4.20</td>
<td>$597,915</td>
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<td>106.66</td>
<td>$7,562,942</td>
<td>$2,680,696</td>
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**Forest Research Laboratory**

**Summary of Reduction Options**

<table>
<thead>
<tr>
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<th>FTE</th>
<th>Total</th>
<th>General Fund</th>
<th>Other Funds</th>
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</thead>
<tbody>
<tr>
<td>1. Efficiencies in Wood &amp; Energy Use</td>
<td>4.0</td>
<td>$246,000</td>
<td>$123,000</td>
<td>$123,000</td>
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<tr>
<td>2. Forest, Ecology, Culture &amp; Productivity &amp; Regeneration</td>
<td>4.0</td>
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<td>123,000</td>
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<tr>
<td>3. Forest Regeneration, Evaluating Forest Uses, Practices &amp; Policies</td>
<td>4.0</td>
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<tr>
<td>4. Forest Regeneration</td>
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<td><strong>Total Reduction Options</strong></td>
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## Continuing Education
### Summary of 1983-1985 Biennial Budget Request

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<tr>
<td><strong>Base Budget 1982-83 Service Level Adjustments to Base</strong></td>
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<td><strong>Subtotal Base Budget</strong></td>
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<tr>
<td><strong>Decision Package</strong></td>
<td></td>
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<tr>
<td>2. Restore Competitive Position of Faculty Salaries</td>
<td></td>
<td>186,971</td>
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<td>186,971</td>
</tr>
<tr>
<td>1. Fund Board Approved Salaries</td>
<td></td>
<td>55,129</td>
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<tr>
<td><strong>Total Budget Request 1983-1985</strong></td>
<td>52.45</td>
<td>$6,980,408</td>
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<td>$6,980,408</td>
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August 24, 1982
## Student Loans
### Summary of 1983-1985 Biennial Budget Request

<table>
<thead>
<tr>
<th></th>
<th>FTE</th>
<th>Total</th>
<th>General Fund</th>
<th>Other Funds</th>
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<td><strong>Base Budget 1982-83 Service Level</strong></td>
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<td>$17,290,058</td>
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<td><strong>Adjustments to Base</strong></td>
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<td>1,264,564</td>
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<td>1,334,702</td>
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<td><strong>Total Budget Request 1983-1985</strong></td>
<td></td>
<td>$18,554,622</td>
<td>$378,072</td>
<td>$18,176,550</td>
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*August 24, 1982*
Board Discussion and Action

In presenting the budget information, Mr. Lemman explained the rationale for the recommendation with respect to tuition. He said Board policy of determining tuition levels as a percentage of the cost of instruction had not been abandoned. The Board merely responded to the state's fiscal situation by increasing tuition in order to continue operations during a period of financial difficulty. The proposal is to reestablish the policy, recognizing that it cannot be implemented fully in the 1983-1985 biennium, and to freeze tuition at the current levels. This would be the first step in setting tuition as a rational, consistent percentage of the cost of instruction.

Firm predictions on the enrollments at various tuition levels are extremely difficult to obtain because of the many factors which are changing and which have an impact on the decisions to attend post-secondary institutions. These include job availability, financial aid, and the economy, in addition to tuition. It was pointed out that tuition in the State System is relatively high compared to that of other states.

Mr. Robert Watrus, Executive Director of the Oregon Student Lobby, said basically he supported the staff recommendation. It bases the tuition revenue on projected enrollments as opposed to the enrollment figures in the 1982-83 base year, which must be used in the APLS budgetary process. The Oregon Student Lobby would prefer the removal of the tuition surcharge with a freeze on the tuition rates after the surcharge was removed. However, freezing tuition at the current rates would help to bring tuition to a historical percentage of the Education and General Services portion of the budget. The Oregon Student Lobby has advocated a tuition policy which would be a rational method of establishing tuition rates, rather than as a means of balancing the budget. At the same time, attention must be given to the dollar amounts in comparison with other sectors of education, financial aid availability, and the concern for access.

Mr. Watrus suggested that the Board consider the college and university differential. He asked whether the lower tuition rate charged students at the colleges reflected a lower cost of instruction in those institutions. He noted that the rate at the colleges still would be considerably higher than at the community colleges.

The Chancellor said the $33 million which would be needed to meet the projected contributions in Other Funds to establish the base for this biennium was a cost that was imposed for substantial reasons in the last biennial period. However, it should be a part of the base budget so that the General Fund base should be $327 million plus $33 million. This adjustment will be requested of the Executive Department. Lacking that, the $33 million should be a high priority request with the understanding that a freeze on tuition and the surcharge would be recommended.

Mr. Harms moved approval of the staff recommendation to freeze the instruction fee at the 1982 rate, including the surcharge.

Consideration was given to the need for full discussion of the tuition policy before the adoption of the motion. Mr. Harms explained that the intent of his motion was to reaffirm the Board's policy that tuition should be, and remain, a percentage of the cost of instruction and not be based simply upon the amount of money that can be raised by a particular set of fees. While the proposal was not ideal, Mr. Harms said, it represented a first step in returning to some specified percentage of the cost of instruction.

Mr. Perry suggested that it would be more appropriate, in view of the need for immediate action on the budget, to act on the motion and discuss the long-range policy at the retreat or a subsequent Board meeting.
Mr. Wyss commented that the cost of instruction is a philosophical concept of what is a reasonable state acceptance of the cost and has to do with accessibility and future economic and cultural development in the state. He proposed leaving the percentage of the cost of instruction out of the current discussion and viewing it as a concept which is a topic related to a broader responsibility.

Mrs. Carpenter indicated that she had supported the motion because it was a rational presentation of a return to more normal tuition levels which could be easily understood.

Mr. Petersen said he had been opposed to the surcharge when it was established because he believed it would be continued, even though the Board had said it would not be. He stated that he was opposed to the motion because it was maintaining the surcharge.

The Chancellor said whatever the tuition charge is, it represents a percentage of the cost of instruction. The concern is how to reduce that percentage. If the $33 million is not funded out of the General Fund or as a part of the base budget, and the State System is required to achieve that amount of money, it would require a 16½ addition each year to the tuition at the present time just to meet the budget projections of the Governor and the Executive Department. Including the $33 million, either from the General Fund or as a part of the base budget, would reduce tuition as a percentage of the total. The goal is to return as soon as possible to a lower percentage of tuition and surcharge as a part of the total cost of instruction, and to get on a systematic relationship to that cost. This is difficult to do when dealing with a series of shortfalls and funding cutbacks. The best solution at the present time appears to be the staff proposal to request that the $33 million be a part of the base budget, or, lacking that, that it be a high priority in the requests from the General Fund. It would then be possible to freeze tuition and keep the situation from getting any worse from the standpoint of the impact on the individual students.

Mr. Harms explained his motion further. He said he was attempting to resolve Decision Package No. 6 and to reaffirm that the tuition logically should be set at some percentage of the cost of instruction and not at an arbitrary amount to raise a prescribed dollar figure. This does not change past policy of the Board. At some future time, the Board should determine the correct percentage of instruction costs to be charged each of these classes of students.

The Board approved the motion by Mr. Harms, with the following voting in favor: Directors Carpenter, Flanagan, Gill, Harms, Perry, Wyss, and Ingalls. Those voting no: Directors Batiste and Petersen.

Mr. Lemman reviewed the decision packages and the priorities proposed. Mr. Petersen questioned a change of building use which results in the transfer of maintenance costs to the General Fund budget without prior consultation with the Board. It was explained that the Board had established previously a general policy with reference to the rededication of space and also for the temporary use of space.

Mr. Hunderup said the issue that is involved in this particular instance is one that is similar to that of a student union operation where a portion of the facility is used for an education and general purpose. Through this device of requesting the improvement as a decision package under operation and maintenance of new buildings, the University of Oregon is asking relief from the student health service use for an education and general purpose. The decision was made at the institution to discontinue the over-night bed care of patients and to convert that space into a much-needed facility for the counseling center. The request is to cover the operating cost for that second floor of the student health service. If the space had remained as a bed/hospital type facility on the second floor, then it would have been necessary to propose a rather substantial increase in the amount of the student health service fee. This is avoided by converting the space to another use. However, since that use was discontinued some time ago, any effect on the student health service fee already would have taken place.
Mr. Petersen said he objected to unilateral decisions affecting the Board's budget requests without any Board consultation. He then questioned the decision to add funds to operate the swimming pool at Oregon Institute of Technology at the same time Eastern Oregon State College was proposing to close the swimming pool there during winter and spring terms to save the cost of operation. Mr. Hunderup explained that the campus at Klamath Falls uses geothermal energy for heating the pool. This is not available at Eastern Oregon State College, and the proposed closure is to save the high energy costs in relation to that operation. This is not a factor at Klamath Falls.

Mr. Perry said these were legitimate concerns but he would be reluctant to have the Board become involved in these internal institutional decisions. He said the presidents of the institutions were well aware of the need to control expenses and concurred with Mr. Petersen's suggestion that such changes be brought to the Chancellor's attention prior to implementation.

It was agreed that the institutions should be asked to inform the Chancellor's Office in advance of any proposed changes of use of this type so that they could be reported to the Board for action or information.

The Board approved priorities 1 and 2, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Perry, Petersen, Wyss, and Ingalls. Those voting no: None.

In discussing Priority 3, it was explained that this request differs from the consortium funds for high technology in that Decision Package 3, if funded, would become part of the base on a recurring basis so that faculty could be hired for permanent positions and programs would be operated under the authority of the Board. With the consortium, requests probably would be funded annually on the basis of proposals submitted. This request directly affects quality and is placed high on the priority list because it is expected to have a direct relationship to the economic level of the state.

Mr. Lemman indicated that Priority 3 responds to an important need where the pressure is very great. The alternatives are further deterioration of the liberal arts by funding Priority 3 specifically from available resources or requesting funding as a priority in order to preserve the institutional resources for liberal arts and support areas.

The Board approved Priority 3 as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Perry, Petersen, Wyss, and Ingalls. Those voting no: None.

In the discussion of Priority 4, concern was expressed about the added costs to patients for the proposed improvements, even though it was expected to be less than half of one percent. It was indicated that the improvements would not have a direct link to the quality of patient care but would improve cost efficiency, reporting, and management.

The Board approved Priority 4, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Perry, and Ingalls. Those voting no: Directors Petersen and Wyss.

In discussing Priority 5 for the library at Oregon Institute of Technology, Mr. Petersen inquired about the practices on other State System campuses with respect to providing evening and weekend library services.

Mrs. Carpenter pointed out that this was a new library building and that it had not been possible to staff it appropriately. The request represented a significant catchup item of educational importance.
Later in the meeting, Mr. James Morgan, Chairman of the Interinstitutional Library Council, reported that all of the libraries in the State System were operating at least 78 hours per week. Many were open more than 92 hours. The library at Oregon Institute of Technology is currently open 78 hours each week. All of the libraries, with the exception of the one at the Oregon Health Sciences University, provide professional staff on evenings and weekends.

The Board approved Priority 5, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Petersen, Wyss, and Ingalls. Those voting no: None. Director Perry was absent from the meeting at this time.

Priority 6 on tuition was approved previously with the understanding the policy base for determining tuition would be discussed at future meetings. It was noted also that the $33 million would become a part of the priority list if it is not placed in the base budget.

The Board considered Priority 7 pertaining to declining enrollments. There was discussion of the many factors affecting enrollments and the difficulty of predicting enrollments precisely in the present period. It was indicated that adjustments may be made after the actual enrollments are known this fall.

The Board approved Priority 7 with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Petersen, Wyss, and Ingalls. Those voting no: None. Director Perry was absent from the meeting at this time.

The Board approved Priority 8 as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Petersen, Wyss, and Ingalls. Those voting no: None. Director Perry was absent from the meeting at this time.

The Chancellor indicated that the requests represented a very modest budget adjustment. A base of $327 million, plus Priorities 1 through 8, would require a 15% adjustment over two years of the biennium. If the base were adjusted to include the $33 million for tuition revenue, the base would be $360 million, and the adjustment for Priorities 1 through 8 would represent half of one percent for the biennium. All items in Priorities 1 through 14, adjusted on a base of $360 million, would require a 10% adjustment for the biennium.

The Chancellor then indicated his top priorities would be: (1) The $33 million tuition freeze, either as a revision of the base or as a request from the General Fund; (2) the restoration of the Board-approved faculty salary adjustment shown in Priority 2; (3) the request pertaining to economic development; (4) the second salary request in Priority 8; and (5) the request for deferred maintenance in Priority 9. The other items are important but are relatively small.

The Board approved Priorities 9 through 13 and Priority 14 in two separate motions, with the following voting, in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Petersen, Wyss, and Ingalls. Those voting no: None. Director Perry was absent from the meeting at this time.

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The Chancellor then recommended changes in the priority order of the Education and General Decision packages as follows:

001 Instruction Fee Policy--Freeze Instruction Fee at 1982-83 Rates
002 Fund Board-Approved Salaries for 1981-1983
003 Economic Development
004 Restore Competitive Position of Faculty Salaries
005 New Building Operation and Maintenance and Change in Use of Facilities
006 New Library Staffing, OIT
007 Improvement in Management Capability, OHSU
008 Enrollment Adjustment 1983-1985 (1% Policy)
009 Facilities Maintenance--Systemwide Program Restoration
010 Libraries--Systemwide Program Restoration
011 Computing--Systemwide Program Restoration
012 Instructional Equipment--Systemwide Program Restoration
013 Research--Systemwide Program Restoration
014 Institution-Specific Program Enhancements

It was moved and seconded that the revised priority list be approved. There was general discussion of the importance of the facilities maintenance and the fact that all of the requests were of importance and had been reduced to a minimum in recognition of the state's financial situation. There was some consideration of two priority lists to place existing obligations in one list and options in a second priority grouping.

A motion to amend the priority order was made and later withdrawn.

The Board approved the priority list as recommended by the Chancellor, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Petersen, Wyss, and Ingalls. Those voting no: None. Director Perry was absent from the meeting at this time.

Mr. Harms then moved that a letter accompany the revised priority list required for budget purposes. The letter would separate the general budget adjustment matters from those considered to be program enhancement. The letter would designate the following priorities for program enhancement requests: (1) economic recovery; (2) faculty salaries; (3) libraries; (4) facilities maintenance; (5) computer improvements; (6) instructional equipment; (7) research; and (8) institution-specific improvements as requested. Priority 3 and 4 were later reversed to conform to the priority list previously adopted.

The Board then approved the motion by Mr. Harms, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Petersen, Wyss, and Ingalls. Those voting no: None. Director Perry was absent from the meeting at this time.

The Board then considered the statewide public services. The adjustments to the base and the decision package for salary adjustment were approved, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Petersen, Wyss, and Ingalls. Those voting no: None. Director Perry was absent from the meeting at this time.

Dr. Donald Kassebaum, Director of University Hospital, explained the request for University Hospital. There was discussion of the proposal to include significantly more undergraduate nursing students on the hospital wards. It is expected this will improve the quality of nursing care and sharpen the nursing practices and pedagogical abilities of the senior and head nurses and the nursing directors.

Mr. Petersen asked whether the number of students interning in community hospitals would change to any great degree because the level of nursing care in those hospitals is sometimes enhanced by the presence of clinical students.
Dr. Barbara Gaines, Associate Dean for Academic Affairs in the School of Nursing, said there would not be a significant change because the hospital can absorb only a limited number of undergraduate students at any given period of time. There would be some shift, but there should not be a negative impact on community hospitals. She indicated that it was difficult to project the exact number of students because it had been necessary to deploy resources very carefully as fewer persons were being hospitalized.

Dr. Kassebaum said the program would start in maternal and children's nursing. If it is successful, it will be extended to some of the medical and surgical nursing units. The plan will also be of benefit in the larger Portland hospitals because there will still be an adequate number of trainees but some of the cost burdens will be reduced.

Mr. Batiste questioned the reduction in indigent care while at the same time requesting $1 million for the nursing change. Dr. Kassebaum said this was an intricate balance. The hospital is primarily for health education, but at the same time, it is expected to be the major provider of indigent care. In response to a further question, he said the proposal was primarily to improve the quality of instruction and experience for nurses.

Mrs. Carpenter said the nursing faculty had been cut substantially. It is expensive to send people out for supervision. With fewer people, those persons must be concentrated to provide necessary supervision. It was pointed out that while the public service function is important, the instructional function is the first responsibility for the hospital.

Mrs. Flanagan said the Board must consider the quality of education for the nursing students and she believed it would certainly be enhanced by offering it at University Hospital.

The Board approved the request for University Hospital as presented, with the following voting in favor: Directors Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: Director Batiste. Directors Perry and Petersen were absent from the meeting at this time.

Dr. Kassebaum then explained the reduction packages. He said if the General Fund revenue were diminished to the full 20%, a series of program cuts and eliminations would be made which would reduce the indigent care programs financed by the state. It would mean the virtual elimination of obstetrical and normal newborn care, elimination of the family practice center, reduction in psychiatric services, and a reduction in admission of nonpaying patients to the hospital's medical and surgical services. These are the right business decisions, but are absolutely the wrong educational and patient services decisions. These decisions, if they do become necessary, would be in opposition to political interests and the need for family physicians in the state.

Mr. Harms asked whether there would be any other place where the 20% reduction could be made. Dr. Kassebaum said there would not be because the rest of the operation generates the revenue to support the hospital. It is necessary either to cut programs for the poor or to cut the education function, which is the primary mission of the institution.

Mr. Lemman said it should be understood that the state provides General Fund money for two purposes. One is to finance in part, and only in part, the educational costs of running the hospital attributable to the education of medical and nursing students. The second is to finance indigent care. If the General Fund must be reduced by 20%, it can come only from one of those two places.

The Board approved the reduction package as proposed for University Hospital, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.
The Board approved the request and reduction options for the Crippled Children's Division, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.

The Board approved the request and reduction options for the Dental Clinics, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.

The Board considered the requests for the Agricultural Experiment Stations. In response to questions, Dr. Ernest Briskey, Dean of the School of Agriculture, explained that these were primarily restorations of reductions which occurred since 1980 and which had reduced the ability to provide these programs to the people of Oregon.

In two separate motions, the Board approved the requests and the program reductions for the Agricultural Experiment Stations. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.

The Board then approved Option 2 for the Cooperative Extension Service to replace four county agents. The following voted in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.

Concern was expressed about the proposal for computers. Dr. Henry Wadsworth, Director of the Extension Service, indicated that the computers were essential in order to maintain a competitive position in the state. The intent is to make the people presently on the staff more efficient rather than asking for additional personnel. The acquisition would permit the development of software that can be transmitted via computer and be readily accessible. It would be possible to acquire the computers in phases, but the cost would eventually be higher because of the necessity to adapt software to different equipment.

Mr. Batiste moved that the requests for the Cooperative Extension Service be approved. The motion was seconded by Mrs. Flanagan.

Mr. Wyss moved to amend the motion to approve everything except the computer system. The motion was defeated. Director Wyss voted in favor; Directors Carpenter, Flanagan, Gill, Harms, and Ingalls were opposed; and Director Batiste abstained. Directors Perry and Petersen were absent from the meeting at this time.

The Board then approved the original motion by Mr. Batiste, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, and Ingalls. Those voting no: Director Wyss. Directors Perry and Petersen were absent from the meeting at this time.

The Board approved the reduction packages as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.

The Board approved the requests and reduction packages as presented for the Forest Research Laboratory, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.

The Board approved the request for Continuing Education as presented, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.
The Board approved the reduction for student loans, with the following voting in favor: Directors Batiste, Carpenter, Flanagan, Gill, Harms, Wyss, and Ingalls. Those voting no: None. Directors Perry and Petersen were absent from the meeting at this time.

COMMUNICATIONS

The Secretary read a communication from the Department of Justice advising that on July 27, 1982, full judgment was entered in favor of all defendants and against the plaintiff in the case of Weems vs. Briggs. Unless an appeal is taken, which must be done within 30 days of the above date, the litigation can be considered closed.

ADJOURMENT

The meeting was adjourned at 3:30 P.M.

Robert C. Ingalls, President

Wilma L. Foster, Secretary