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ADJOURNMENT
STATE BOARD OF HIGHER EDUCATION
MINUTES OF MEETING HELD IN
DADS' ROOM, ERB MEMORIAL UNION
UNIVERSITY OF OREGON, EUGENE, OREGON

November 16, 1984

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 10:30 a.m., November 16, 1984, by the
President of the Board, Mr. Louis B. Perry, and on roll call the following
answered present:

Mr. John W. Alltucker
Mr. Alvin R. Batiste
Mr. Gene Chao
Mr. Terrence A. Clark
Mrs. Harriett J. Flanagan
Mr. Edward C. Harms, Jr.

Mr. Richard F. Hensley
Mrs. Janet S. Nelson
Mr. James C. Petersen
Miss Linda L. Walling
Mr. Louis B. Perry

OTHERS PRESENT

Centralized Activities--Chancellor William E. Davis; Secretary Wilma L.
Foster; J. I. Hunderup, Vice Chancellor for Facilities Planning; Clarethel
Kahananui, Acting Vice Chancellor for Academic Affairs; W. T. Lemman,
Vice Chancellor for Administration; Wil Post, Vice Chancellor for Public
Affairs; Clifford V. Smith, Jr., Director of CASEERI; Holly Zanville,
Assistant Vice Chancellor for Academic Affairs; J. Richard Pizzo, Assistant
Vice Chancellor for Student Services; Kay Juran, Assistant Vice Chancellor
for Public Affairs; Melinda Grier, Compliance Officer; Larry Pierce, Executive
Assistant to the Chancellor; R. S. Perry, Associate Vice Chancellor for
Administration and Planning Services; David Stubbs, Coordinator of Management
Studies and Services; Joe Sicotte, Associate Vice Chancellor for Personnel
Services; Ron Anderson, Assistant Vice Chancellor for Personnel Services;
Tom Berkey, Associate Budget Director; Karen McCumsey, Secretary to the
Chancellor; Tim Marsh, Information Director.

Oregon State University--President John V. Byrne; President Emeritus
Robert W. MacVicar; Robert Barr, Dean, OSU-WOSC School of Education.

University of Oregon--President Paul Olum; Richard Hersh, Vice President
for Research; Richard J. Hill, Provost; Robert Gilberts, Dean, College of
Education.

Oregon Health Sciences University--J. T. McGill, Vice President; Stephen
Bauer, Executive Assistant to the President for Campus Liaison.

Portland State University--Margaret J. Dobson, Interim Vice President for
Academic Affairs; Roger Edgington, Interim Vice President for Finance and
Administration; Donald Leu, Dean, School of Education.

Eastern Oregon State College--James Hottois, Dean of Academic Affairs;
Michael Davis, Dean, School of Professional Studies.

Oregon Institute of Technology--President Larry Blake; John H. Smith,
Dean of Administration; William W. Smith, Dean of Academic Affairs.

Southern Oregon State College--President Natale A. Sicuro; Ernest E.
Ettlich, Dean of Academic Affairs; Ronald Bolstad, Dean of Administration;
Susan Roper, Director, School of Education-Psychology.

Western Oregon State College--President Richard Meyers; William Neifert,
Dean of Administration; Bill Cowart, Provost.
Meeting #518

November 16, 1984

Meeting participants:
Others--Jeff Lee, Executive Director, Oregon State Scholarship Commission; Doug Collins, Deputy Director, Oregon State Scholarship Commission; Tom Turner, Director of Special Services, Oregon State Scholarship Commission; John Baxter, Chairman, Oregon Educational Coordinating Commission; Betty Hamlin, Commissioner, Oregon Educational Coordinating Commission; T. K. Olson, Executive Director, Oregon Educational Coordinating Commission; Bruce Clere, Consultant, Oregon Education Association; Dale E. Hess, Project Coordinator, Oregon Educational Coordinating Commission.

T. A. Clark, Oath of Office

Mr. Perry indicated that Mr. Terrence A. Clark had been confirmed by the Senate and would be fully qualified as a Board member after taking the oath of office. He administered the oath of office to Mr. Clark, which was then signed by Mr. Clark and notarized by the Secretary of the Board.

R. Ingalls, Recovering from Surgery

Mr. Perry announced that former Board President Robert Ingalls had undergone surgery about a week ago and was still in the hospital. The operation was successful, and it was later reported he was expected to return home within a day or two.

J. Byrne, Welcomed as President, OSU

Mr. Perry announced that Dr. John Byrne, the new president of Oregon State University had arrived and welcomed him to his first Board meeting as president.

Mr. Perry then recessed the Board meeting and reconvened the meeting of the Committee of the Whole for the completion of the discussion. Following the completion of the agenda for the Committee of the Whole, Mr. Perry reconvened the Board meeting.

The Board dispensed with the reading of the minutes of the last regular meeting held on October 26, 1984, and approved them as previously distributed. The following voted in favor: Directors Altucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

The Chancellor said he had invited Dr. T. K. Olson, Executive Director of the Oregon Educational Coordinating Commission to meet with the Board and report on the Commission's planning document. He was accompanied by members of the Commission.

Mr. John Baxter, Chairman of the Educational Coordinating Commission, said he and Dr. Olson were in attendance to present formally the goals, objectives, and guidelines for Oregon education published in response to the directive from the last Legislature. He indicated he would not discuss the report in detail because there had been substantial communication during the preparation of the report.

Mr. Baxter said the views of the State System had been taken seriously and many alterations and adjustments made. It was hoped these would result in a harmonious and productive joint effort toward fulfilling the statutory charge to produce a comprehensive education plan for Oregon. He expressed appreciation to the Board and its staff for its cooperation.

Mr. Baxter said the Commission did not cast itself in an adversarial role in the educational hierarchy, but it was required to advise the Governor and the Legislature on educational matters and must respond accordingly. He said the Commission does want to be cooperative and act as a coordinator. This also implies being a helper and facilitator to the Board, as well as to the Governor and the Legislature.

Mr. Perry concurred in the thoughts expressed for everyone to work together in achieving the joint goals.

Dr. Olson said copies of the report, "Charting the Course," had been distributed previously and he had made regular presentations to the Board and its staff. For that reason, he said his remarks would emphasize what would happen to the document after its publication and distribution around the state. He mentioned that the statute of the Commission requires it to
develop, adopt, and maintain a comprehensive educational plan. The first section includes a timetable which shows the relationship between the goals and objectives and the development of the comprehensive plan. The Commission anticipates having the first major effort of a comprehensive plan completed by the spring of 1986. As a first step, there should be more agency staff work in the preparation of the detailed timetable so that the necessary information can be assembled at the convenience of the persons involved.

The form and manner in which the plans will be developed will be determined over the next few months. Once legislative discussion of the Commission's planning document has been completed, the Boards of Education and of Higher Education and the State Scholarship Commission will be able to prepare their plans consistent with the overall goals and objectives of the Commission's document as reviewed by the Legislature. The plans submitted by the boards in the early spring of 1986 will be reviewed by the Commission and any necessary accommodations made to be certain that major educational issues have been addressed. The Commission then will adopt a state comprehensive educational plan for kindergarten through postgraduate work. This will become the guide for the next six years. The plan will be subject to change as required.

Dr. Olson said the most effective and immediate result after the adoption of the comprehensive plan will be that the biennial budget request developed for presentation to the 1987 Legislative Assembly will be based on the plan. The Governor and the Legislature will review the budget request for consistency with the plan submitted by the Board and incorporated in the comprehensive plan.

Dr. Olson said there were several sections in the document which give teaching a very prominent position. There is a special goals section on teaching itself. The presentation on teacher education and the comments during the discussion were consistent with the Commission's document.

Mr. Perry asked how the high technology consortium would be incorporated in the planning document. Dr. Olson responded that economic development was not a major goal but was included in the section dealing with research. The Commission supports an increased research role for the State System, and the consortium would be one small element in a much larger package of priorities.

Mr. Batiste inquired about the process for determining new priorities--who would participate and who would determine what those priorities would be.

Dr. Olson indicated priorities usually would be determined by a governing board. The Commission's responsibility is statutory for reviewing new programs for consistency with state priorities. He said one of the advantages of having a state plan would be a much clearer expression of those state priorities. If there were a priority for a particular segment to have an increasing role for some educational need, that would be influential in that segment having a priority for a program as opposed to another.

Mr. Baxter said all of the agencies have their own review processes for new programs. In all probability, this review would be done with reference to the suggested goals. Unless there is intersegmental conflict, the Commission would review the program and state its recommendation.

Dr. Olson said at present when the Commission exercises that responsibility, it is only the judgment of the Commission without any prior review by the Legislature. In the future, when the comprehensive plan is in place and reviewed every two years by the Legislature, there may be a more clearly understood statement of the state's priorities and policies than has occurred in the past.

Mr. Alltucker said he had appeared previously before the Commission expressing his personal concern about the relationship of the Oregon Educational Coordinating Commission to the delivery of educational services in the state. If the Legislature adopts these goals, then they become law.
Dr. Olson said the law requires the Commission to adopt the goals and objectives, which it has done in the document before the Board. He said the Commission was not a governing board in the sense that it had sanctions on someone else. The Legislature is not required to adopt the goals and objectives. It is expected the Legislature will review them and will review other priorities that the Board of Higher Education and other boards present. In the absence of any specific alternative action taken by the Legislature, the goals and objectives adopted by the Commission will become the framework within which planning will take place by the governing board.

Mr. Alltucker commented "not only planning, but administration thereof."

Mr. Baxter said that Mr. Alltucker in his presentation to the Commission had compared it to the land use planning situation. In turn, the Commission inquired of the Attorney General's office whether this was a proper comparison, because the Commission did not think it had that kind of impact and did not want it. The Commission was told by the Attorney General's office that it did not in any way compare to the situation with the land use planning laws. He said this should resolve that concern.

Mr. Alltucker said he was pleased to have that interpretation because at the present time the law establishing the Commission states that it will propose, advise, assure, monitor, gather, interpret, and evaluate, but it does not give the Commission the right of veto over the action of other groups in the state, including local school boards, in the delivery of services, the content of curriculum, the amount of money to be spent per capita, or other matters. Mr. Alltucker said if that were clearly understood, then the integrity of those boards, including the Board of Higher Education, which have the responsibility for delivering services as well as planning for them, would remain as it is now.

Mr. Baxter said that was absolutely correct. He pointed out that if the two boards were in disagreement, both agencies might present their views to the public and the Legislature. Even though the governing board might win with respect to its position, there might be undesirable effects as a result of the arguments presented. He said Mr. Alltucker was correct that the Commission could not impose its recommendations, except in the case of intersegmental conflicts in programs.

Mr. Alltucker said he was somewhat concerned about that provision because it put the management of the delivery of educational services into the political arena and history shows that is not a particularly good procedure.

He said he was concerned also about the legislative objective in establishing this process. The assumption was made that centralized control of the decision-making process in the delivery of educational services throughout the state was the best way to develop high quality education at the lowest possible cost. He said from a management standpoint he believed that was wrong. The trend in business and industry over the past few years has been to decentralize control in wide-spread operations involving a number of people and large geographical distances. Obviously that provision would need to be changed in the Legislature.

Mr. Baxter said his company was substantially decentralized but still looked to the corporate body for policy direction. He said he thought this was what the legislation envisioned—an overall policy direction which could be agreed upon by all concerned. He said the Legislature had wanted a superboard but did not succeed in passing legislation for that. The present planning requirement is a compromise. The planning document and its implementation, if it works, will be a great opportunity to eliminate the superboard concept.

Mr. Harms commented that it had not been demonstrated that the Legislature as a whole preferred the superboard concept and it was a mistake to look at the planning directive as a solution to something upon which the Legislature did not agree.
Mr. Chao said as a new Board member he was a little confused, perhaps as a result of the lack of specificity of what would actually happen. Mr. Baxter's comments regarding coordinating, facilitating and cooperating were the kinds of comments which would make the concept work, but Mr. Chao said he was wondering about the actual implementation of the plan and the review process. He asked whether the review process would focus on the coordinating aspect in the areas of duplication or interaction, or would the review be on the entire educational system, including the core parts of the responsibilities of the various boards. If the latter were the case, it might not be the most productive use of anyone's time.

Mr. Baxter said the implementation of the goals and objectives, once they were adopted, would be a new activity. He said the process would require maximum wisdom and statesmanship. The answers to some of the specifics will be developed in the process. He said the Commission has stated repeatedly that it does not want to get into management of various levels of education and it will not be involved in that. The Commission certainly will be interested in them and review and report on them.

Mr. Chao said his central concern was with the fundamental problem of having several people responsible for the same job.

Mr. Baxter said the planning document represented a comprehensive plan and was not directed at any single segment. The Commission is the only agency that looks at the entire educational picture.

Dr. Olson said there was legitimate cause for everyone to be somewhat nervous about the future and how their particular board or institution would fit into the overall plan because the document does contain suggestions for a different emphasis than currently exists. He then cited several cooperative arrangements by the various educational groups which have been very successful in yielding positive results. He said the Commission is committed to a substantial effort to communicate to the public how to improve the quality and awareness of the educational needs of the state. If people concentrate on the very positive things that have been accomplished, it is anticipated there will be other very positive things achieved as a result of a growing body of strong public support.

Mr. Petersen said those were good comments and the Commission and the Board have increased their cooperation substantially during his five years on the Board. He proposed a joint meeting of the boards prior to the legislative session, and perhaps often during the development of the planning process. Mr. Perry said plans were in progress for such a meeting.

Mrs. Nelson said she was troubled by the fact that the Commission was not arriving at the same kind of figures with respect to faculty salary discrepancies and financial support of the State System. She said the Commission reached a different conclusion than that shown in the Budget Allocation System Model of the State System. This will lead to confusion in the public sector and in the Legislature as to Oregon's relative competitive position with other states.

Dr. Olson said he would state the Commission's position on the faculty salary requests as conveyed to the Governor. The Commission took the position that there was a strong evidential case for a differential salary increase for the State System. This position was conveyed to the Governor with the Commission's strong endorsement. It was indicated the increase should be substantially above the inflation rate. He said the fact that the Commission and the Board have different levels of figures did not seem to him to be as important as the conclusion that a substantial case can be made for a salary increase.

Mr. Perry said the problem was that the public would get the impression the Commission and the Board were working from different data and had not resolved their differences with respect to the statistical bases on which the Board was making its appeal for faculty salaries.
Dr. Olson said it should not be surprising that two bodies reviewing the same evidence might reach different conclusions. Mr. Perry pointed out that the Commission and the Board had reached the same conclusion.

Dr. Olson said that was correct but it was a matter of degree. The Commission started with the same evidential base and interpreted that evidence differently. The Commission and the Board came to the same conclusion. He said it was true that on this occasion and several other occasions in the past the Commission had reviewed material and included other information than that supplied by the Board, or had examined the same figures, and had come to slightly different or even significantly different conclusions. There is a joint boards committee that attempts to resolve these differences as much as possible at the staff level.

Mr. Batiste said there is a major problem if there is something wrong with the use of the 19 comparator institutions that have been used by both boards for years for comparison purposes. If this group of comparison institutions is no longer an adequate base for projecting deficiencies in faculty salaries, he suggested the chairmen of all boards resolve the issue.

Mr. Harms said the specific concern should be stated. The Board views it as a serious problem if the 19 comparator institutions are considered out of Oregon's league for purposes of comparison. He said most of those institutions are not different than the State System institutions. He said it is a serious problem if the institutions used for comparison with considerable justification over a period of time are considered out of the State System's league.

Mr. Perry said he had discussed these issues with Mr. Baxter and he believed an understanding could be reached.

Mr. Alltucker commented that it was very useful to have an outside consultant monitoring what the boards are doing in education in Oregon, but he said he feared that the consulting, recommendation, and review changes into a position where there is an overlap of authority in implementation.

Mr. Clark asked whether anything could be done to correct the impression with respect to the data. Mr. Baxter and Mr. Perry indicated a meeting was scheduled within a few days to resolve these differences.

Mr. Chao said the Board certainly should not be above question and should look at the data, but it also has a higher level of responsibility to make sure that the public is not confused unnecessarily. If there is a real issue it should be addressed. He then proposed the following resolution:

RESOLUTION OF THE OREGON STATE BOARD OF HIGHER EDUCATION ON THE OREGON EDUCATIONAL COORDINATING COMMISSION PLANNING DOCUMENT

The Board of Higher Education commends the Oregon Educational Coordinating Commission for developing its statement of goals and objectives for education in Oregon. The Board supports the concept of coordinated planning and will continue to work with educational groups in the state, including the OECC, to improve public education. It welcomes the suggestions of the Commission and will give them careful consideration in carrying out its statutory responsibility for the management of the state's public four-year colleges and universities.

The OECC plan, "Charting the Course," raises an important issue concerning the governance of higher education in Oregon. The planning process described in the OECC plan appears to require the State Board to report to the OECC on a wide variety of issues currently handled by the State Board. The State Board believes that this process could create a duplicative layer of bureaucracy in higher education. The Board believes this would be an unnecessary duplication.
of the management responsibility belonging to the Board, and that it would be in the public interest for the Commission to focus on those aspects of planning involving two or more segments of education in the state and educational goals in general. Because there continue to be some practical implementation issues surrounding the planning and management roles of the State Board and the OECC, the Board recommends that representatives of the State Board, the Board of Education, and the Coordinating Commission begin discussions immediately to resolve these concerns.

The Board approved the resolution as presented, with the following voting in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harm, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

The Chancellor said he had requested Mr. Jeff Lee, Executive Director of the State Scholarship Commission to report on that agency. He was accompanied by Mr. Douglas Collins, Deputy Director and also Budget Director, and by Mr. Tom Turner, Director of Special Services.

Mr. Lee said the State Scholarship Commission was a state agency responsible to a seven-member board appointed by the Governor. The Commission has been in existence since 1959, and its mission is to administer the various state-supported or state-prompted student aid programs, to provide information to the public, to provide recommendations to the Governor and the Legislature on student aid in the various two- and four-year public and private institutions, and to students in the proprietary schools or Oregon students attending schools out of the state. Major programs are the Guaranteed Student Loan programs and certain grant programs.

Mr. Lee reviewed the elements of the budget request for the Scholarship Commission. The base budget represented the 1984-85 budget plus a 3% increase each year of the next biennium. He described the sources of income and the distribution of funds.

Mr. Lee explained that the need grant program provides grants solely on the basis of need to students at all two- and four-year public and private schools in the state. The cash award program includes both an academic and need basis for the awards.

The medical-dental loan interest program is a program where the Common School Fund of the state, through the State Land Grant Board, provides loans to students in the medical, dental, and veterinary programs. The loans have an interest subsidy involved and are guaranteed by the Scholarship Commission.

He said two areas of administration, loan processing and grants and collections, were both involved with the Guaranteed Student Loan Program. It is expected the estimated loans under that program will amount to approximately $75 million per year for the two years of the next biennium. The loans are made by lenders around the state and guaranteed by the state. The program represents a state-federal-private lender joint partnership program that has grown tremendously in the last few years. It now amounts to well over 50% of all of the aid available to all of the students going to school in Oregon.

Mr. Lee indicated the PESIC program, Purchase of Educational Services from Independent Colleges, has suffered from the recent fiscal problems and now resources are only a little over half of those previously appropriated.

Mr. Lee then discussed the decision packages included in the budget request of the State Scholarship Commission. The first decision package requests General Fund support to replace the Other Funds category which can no longer be used as it has been in the past. If that request is denied, the need grant program will drop by about 11%. The second package is an increase in staff for the additional workload. The third decision package would finance administration of privately-sponsored programs.
Two additional decision packages represent enhancements of the need grant program. If they are not approved, it would be necessary to cut off need grants in the spring of the year prior to fall attendance. The early cutoff already has eliminated aid for approximately 4,300 persons.

Decision Package 6 would provide for an increase of 7% in the size of the need grants to meet added costs to students and perhaps serve students in slightly higher income categories.

The final decision package is the Oregon Student Employment Program. Mr. Lee said this program was very much like the college work-study program that presently is federally-funded. The major difference would be the inclusion of jobs in private business and industry in the proposed state program.

Mr. Lee commented that federal sources previously had funded a substantial amount of financial aid. Funding for these programs has increased somewhat, but not to the same extent as the need has grown. The Guaranteed Student Loan program has picked up the entire need for loans or financial aid, and students are borrowing the maximum amount over their collegiate years. There is now some concern these students will have borrowed too deeply and some may perhaps face bankruptcy. It is hoped that Congress will alleviate some of this problem in its review of student aid programs.

Mr. Lee emphasized the importance of the Guaranteed Student Loan program. He stated that probably 50% of the students using this program would not be in school if it were not available. In commenting on questions concerning student enrollment and student financial aid, Mr. Lee said the various programs have about reached the maximum. If additional dollars do not become available, it is expected there will be a reduction in enrollment.

Mrs. Flanagan inquired whether scholarships were available for top students interested in teaching. Mr. Lee said there were not, partly because such special scholarships had been abolished at the time there was an oversupply of teachers. However, an effort is made to treat all students the same regardless of majors, and teachers would be eligible for scholarships on the same basis as other majors.

Mr. Turner explained that top students in teacher education would be eligible under the Oregon cash award program which rewards students who have success in high school. There must be some financial need in addition, but academic excellence is essential. Unfortunately, the program is small and there has been no action to increase the funds available, even though there has been a substantial amount of discussion concerning cash awards to keep outstanding students in Oregon.

Mr. Petersen referred to the improvement in the default rate on student loans and the concern expressed about students over-borrowing under the loan programs. He asked how these two facts were related. He inquired about the effect of the default rate on the availability of funds and about the variables that affected the wide discrepancy in the default rate by institutions.

Mr. Lee responded that his best explanation on the improvement of the default rate was that collection techniques have become more standardized and sophisticated and emphasize that the Commission is serious about collecting these funds. He said the number of defaults will increase because the number of loans has increased, but the actual default rate is expected to remain about the same. The rate does not affect availability of funds.

Mr. Turner indicated the variations in default rates related to the National Direct Student Loan Program, a federal program administered by the individual institutions. Two things affect the rate—the characteristics of the students in terms of student demographics and their employability, and the amount of administrative effort the individual college puts into the collection process.
He described some of the procedures at the institutions and the factors causing differences in the default rate. He said the repayment situation in the State System looks very good, but it will never be the same at each institution.

The Chancellor expressed his appreciation to Mr. Lee and his staff for its excellent efforts over the years. The Commission administers financial aid to some 25,000 to 30,000 students in the State System and also to those in the community colleges and private institutions. He said it was to its credit that it has established a fine collection system. Its record of repayment is among the best in the country. He said the State System was grateful for the excellent service rendered by the Scholarship Commission to the State System institutions and to the other institutions in the state.

The Chancellor said he had completed the visit to Southern Oregon State College pertaining to the evaluation of President Sicuro and would be on the campus of Portland State University for the evaluation of President Blumel the latter part of the month.

The Chancellor distributed a document entitled, "1983-84 Average Faculty Salaries by Rank: Oregon State System Institutions and Their Comparison Groups." A copy is on file in the Board's Office. The document was published in September 1984 and was based on information compiled, released, and organized by the American Association of University Professors and published in August of this year.

The Chancellor said the introductory material states the methodology of the study and the rationale in terms of fringe benefits. The Chancellor said fringe benefits for comparative purposes were difficult and there is usually a separate category to identify them. Institutions have benefits that are not recorded and which are hard to find in the data unless a specific study is done.

The Chancellor explained that on the basis of the data in the report, an analysis was prepared for presentation to the Governor in the budget request. This analysis indicated the amount it would take to bring the State System's salaries to the average by type of institution. The comparison was not between the various types of State System institutions, nor was there an effort to reach the same average for all of the institutions. The 6% retirement benefit was included in the calculations. The budget request was projecting an increase of 6% in each of the next two years for the other institutions throughout the country.

The Chancellor then called attention to the results of the comparisons with the different peer groups which showed the specific comparisons made for each type of institution in the State System. Several comparisons were used in the different categories.

The Chancellor said the report was widely disseminated, and Mr. Lemman indicated the entire document would be presented to the Legislature at the time of the testimony on this issue. He commented that the actual forecast for the increase in salaries at other institutions was more conservative than the 6% figure mentioned in that a 4.6% increase was included.

Dr. Clifford Smith said the economic development efforts had been concentrated previously in the Portland area but he had become concerned about having some activity in eastern Oregon. As a result, a tour was arranged for that area during which about 200 eastern Oregonians were contacted. In addition to Dr. Smith, the group included Mrs. Flanagan and Mr. Petersen, the president and other staff from Eastern Oregon State College, and Mr. Don Farnam from the Oregon Economic Development Department. Politicians, school teachers, and administrators in La Grande, Ontario, and Baker were visited during the tour.

Dr. Smith said the region is a land of small businesses and the group received a substantial amount of information. He said there were a few things that could be done in terms of economic development. A report will be made to the Board at a later meeting.
Mr. Petersen said the focus of the visit was to ask people in eastern Oregon how higher education could assist them in economic development. The same approach would apply in southern Oregon. The common thread was a concern about raising capital. There were problems also with marketing, transportation, and food technology.

Mrs. Flanagan said the areas visited differed in their position in economic development. An interesting side effect was an improved ability of the people to communicate with one another on the problems in their locality.

Mr. Petersen and Mrs. Flanagan each described briefly some of the industries visited during the tour. Further details will be included in the later report.

Mr. Perry said the Committee had examined additional candidates for the Faculty Excellence Awards for research and scholarship and also for teaching. Three candidates were selected for each category. It was recommended that awards be made to the following:

**Faculty Excellence Awards for Research and Scholarship**

R. Gary Hicks, Professor Civil Engineering, Oregon State University
John J. Moseley, Professor Physics, University of Oregon
Peter von Hippel, Professor of Chemistry, University of Oregon

**Faculty Excellence Awards for Teaching**

Scott H. Goodnight, Professor of Clinical Pathology and Medicine, Oregon Health Sciences University
David Robinson, Associate Professor of English, Oregon State University
Paul Stephas, Professor of Physics, Eastern Oregon State College

Mr. Perry congratulated the recipients and commented that the Board only wished it had more money available to award well-deserved grants to others whose work is also certainly appreciated.

The Chancellor said these awards exhausted the special funding available for this purpose. The program was a good beginning. If a number of recipients could be added over a period of several biennia, the State System would soon have a distinguished group of professors and researchers.

The Board approved the recommended awards to the indicated individuals. The following voted in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

**Staff Report to the Committee**

Transmitted herewith under separate binding is a report on teacher education as it is carried out in Oregon by the five professional education schools of the State System. Together these schools prepare some 86% of the new teachers coming out of Oregon colleges and universities each year, 87% of new teachers hired. The supply and the quality of the teachers trained in the State System teacher education programs, therefore, is critical to the quality of elementary and secondary education programs in Oregon. A copy of the report is on file in the Board's Office.

The close relationship between the schools of education in Oregon's public colleges and universities and Oregon's public schools has been enhanced dramatically in the last decade as research on the characteristics of effective schools has shown that teachers do make a difference and as programs preparing teachers have become increasingly field based.
The Joint Boards' Committee on Teacher Education, 1982, spoke to the strengthening of preservice programs for teachers in the following terms:

The delivery of teacher education must be strengthened further to provide rigorous, stimulating, relevant curricula and programs of instruction. This strengthening must be based on cooperation among universities, colleges, and school districts in the selection of candidates, program design, and evaluation of outcomes.

Along with strengthening teacher education programs, we must provide a school climate in which the new graduate can learn to function effectively as a teacher. Too often new teachers find themselves on their own in attempting to apply what they have learned in college in the immediate reality of the classrooms and school districts to assure integration of theory and practice. We also believe that systems must be strengthened to assist the beginning teacher.

The present report reviews teacher education programs of the State System in the context of the numerous national reports on elementary and secondary education and teacher preparation, as well as reviews conducted recently by the State Department of Education, the Oregon Educational Coordinating Commission, the Teacher Standards and Practices Commission, and the 1982 report of the Joint Boards' Committee on Teacher Education.

The report concludes with a statement of the beliefs concerning the conditions necessary for the effective preparation of teachers which underlie the teacher education programs of the State System of Higher Education, and recommendations for the improvement of teacher preparation in Oregon. These recommendations cannot be implemented alone. Improvement of teacher education in Oregon is a cooperative enterprise involving the citizens of Oregon, teachers and administrators, and many organizations, boards, commissions, and agencies.

Eight priority recommendations, which the deans of education and the Board's staff believe would significantly improve teacher education in Oregon, are highlighted on the following pages.
TOP PRIORITY RECOMMENDATIONS

The following eight recommendations (not rank ordered) have been identified as "top priority" out of the more extensive list that follows. These are the actions which, if adopted, would do the most to improve the state of teacher education in Oregon.

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<th>Recommendations</th>
<th>Action Needed</th>
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<td>1. Recruit top students into teaching by providing new fiscal incentives, i.e., scholarships and tuition waivers.</td>
<td>1. Provide a minimum of 100 scholarships or tuition waivers; at an average cost of $2,200 per student, the cost for such a program would equal $220,000 per year. Deans of education should appoint a committee to develop a plan for the program and identify possible funding sources.</td>
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<td>2. Provide competitive salaries to attract and retain well-qualified faculty in teacher education programs, and require that education faculty continuously upgrade their professional skills.</td>
<td>2. The Board has already asked for salary improvement funds through its Biennial Budget Request. Resources are also needed to provide for professional development. Using $500 per faculty member per year as a base for computation, the estimated cost for improved professional development is $115,000 per year. It is not intended that this amount would be allocated each year to each faculty member. Priorities would be established to identify each institution's greatest needs. Allocation of funds for faculty development is an individual institution and school problem. Under present budget restrictions, there are virtually no funds for this purpose. Nonetheless, identification of funds to address the problem of professional development of education faculty should have high priority in the development of school and institutional budgets.</td>
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<td>Recommendations</td>
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<td>3. Require education faculty to become significantly involved with public schools on a continuing basis and recognize faculty field work through conventional college and university rewards of promotion and tenure.</td>
<td>3. The National Council for the Accreditation of Teacher Education and the Teacher Standards and Practices Commission currently base program accreditation and approval, respectively, in part on faculty involvement with the public schools. Greater incentives are needed to improve the kind of close, continuous collaboration between education faculty and school districts that will benefit schools of education (in addition to school districts). College and university policies should encourage and reward faculty field work through conventional rewards of promotion and tenure.</td>
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<td>4. Continue efforts to improve standards for admission to OSSHE teacher education programs, including the adoption of the California Basic Educational Skills Test (CBEST) as a requirement for admissions.</td>
<td>4. The Teacher Standards and Practices Commission already requires that applicants for an initial certificate as a teacher, personnel specialist, or administrator in Oregon must submit passing scores on the CBEST. OSSHE schools of education should move immediately to replace the California Achievement Test, presently used as the basic skills admission test, with the CBEST.</td>
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<td>5. Provide instruction on the uses of new technology in education as part of the regular teacher education program and require computer literacy at the functional computing level for students graduating from teacher education programs.</td>
<td>5. Resources to improve computing facilities and equipment have already been incorporated into the Biennial Budget Request. The Board has adopted functional computer literacy specifically tailored to program needs as a priority in planning for computing support to instruction. Minimal standards for access to computer resources for education students need to be developed as a guideline for carrying out the Board's objectives.</td>
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<td>6. Establish a summer session subsidy program to enable colleges and universities to provide courses required for certification by teachers and administrators on a planned, responsive basis.</td>
<td>6. Because of very limited summer session budgets allocated to Colleges of Education under self-support requirements, it has been necessary to reduce many offerings needed for standard certification. A subsidy to each institution, based on 15-20 percent of the summer session budget allocated to Colleges of Education, would amount to some $500,000 per year. Because of the serious underfunding of other parts of the Higher Education budget, there is no provision in the Board's Biennial Budget Request for state support for summer session offerings needed for certification. It is proposed that the Board's staff look at alternate funding arrangements, including year-round funding for certain programs, as a basis from addressing this problem in future budget requests.</td>
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<td>7. Implement a statewide entry-year assistance program, jointly operated by higher education institutions and school districts, that provides a year-long residency in a public school, concurrent graduate-level instruction, and workshops for beginning teachers in Oregon.</td>
<td>7. The program should be jointly supported by Higher Education, school districts, and state funds. With the recommended ratio of one master teacher (jointly selected by participating schools of education and school districts) per 10 beginning teachers, the estimated additional state costs per year would equal $1.5 million. Several proposals for a residency or induction year requirement are being discussed. Implementation would require legislative action.</td>
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<td>8. Develop a coordinated research and development agenda for OSSHES teacher education programs, to improve resource-sharing and pilot new developmental projects for the benefit of the entire System.</td>
<td>8. Establish a fund in the Chancellor's Office to undertake coordinated research and development activities needed by all State System teacher education programs. An estimated 3-5 projects should be funded on a yearly basis, with annual conferences held to inform educators about findings and develop the continuing research and implementation agenda for the State System. The recommended funding level is $170,000 per year. Discretionary funds for basic research are almost nonexistent in State System budgets. None-the-less, serious effort should be made to identify funds for pooled, cooperative research of benefit to the System's five teacher education programs.</td>
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The staff requests the Board's Committee to review the directions being proposed for the strengthening of the Board's teacher education programs, particularly the eight recommendations of top priority.

Staff Recommendation to the Committee

It was recommended that the Board accept the report; that it encourage the institutions offering teacher education programs, the staffs of these programs, and the Board's staff, working cooperatively with the public schools and other agencies and organizations, to move vigorously to implement the recommendations for improvement of preparation of teachers in Oregon, as this becomes possible.

Discussion and Recommendation by the Committee

Mrs. Flanagan indicated the Instruction Committee had requested a year ago that the staff prepare a report on teacher education in the State System. Teacher education has received a great deal of attention nationally. In Oregon, many of the state's boards and commissions have included areas of teacher education in their planning and proposals. The Strategic Plan also addressed teacher education.

Dr. Holly Zanville said the role of higher education in teacher education is primarily to train future teachers, administrators, and counsellors and to assist school districts in updating and retraining people already working in the schools. The focus of the report is primarily on the teacher preparation aspect.

She said the national reports have mentioned the declining quality of people entering the teaching profession, the high attrition from the profession of many of the best new teachers, the growing need for more teachers in mathematics and science particularly, and also other major issues. The report before the Board identifies the major national concerns and points out the differences in Oregon from the national statistics.

Dr. Zanville said Oregon has a long history of being a leader in teacher preparation and has not had the proliferation of teacher education programs that other states have had. Oregon has been recognized nationally for its top programs during the last 20 years. Nevertheless, Oregon does need to improve its programs and the conditions of teaching within the state. Many of the top women students, who once might have entered teaching, are now selecting other professions. The job market has discouraged many talented students from entering the field.

Dr. Zanville then cited six major categories identified in the report for the improvement of teacher education in Oregon. They include the following: Students/future teachers, faculty, programs/curriculum, field linkages, new technology, and experimental/developmental programs. The report presents 32 recommendations for improvement in these 6 areas and identifies 8 of these as top priority. These 8 are set forth above in the staff report. Dr. Zanville said some of these recommendations were included in the biennial budget request. Others may require action by another agency or policy changes at the institutional level. Still others may have to be postponed pending availability of funding.

She then introduced the deans and directors of the State System teacher education programs, each of whom would be addressing a question frequently asked in the teacher education area. She said the first questions related to students. Are they of poor quality as is often stated? Do they represent changes in demographics? What about the post-baccalaureate students seeking entrance into the programs? Dr. Zanville requested Dr. Susan Roper from Southern Oregon State College to comment on the questions related to the student area.
Dr. Roper said the cultivation of excellence within the public schools depends primarily on the quality of the classroom teacher. Two important factors are perceived as eroding that quality. First, the downturn in the quality of people entering teaching; and second, the imminent shortage of teachers on a nationwide scale. In Oregon, neither problem is as yet serious. However, the phenomenon of women entering more lucrative positions in other fields could have a long-term impact on the teaching profession. The quality of people entering teacher education in Oregon is good compared to the national picture. Students entering the programs are more experienced, more mature, more confident, and more committed. Many have left more lucrative positions to become teachers.

Dr. Roper said the quality is good but Oregon should not be complacent and should continue efforts to upgrade the quality of people entering the programs. In order to improve quality, more rigorous admissions standards have been established, and the grade-point averages required for remaining in the teacher education programs have been raised. In addition, oral and written competencies have been examined through essays, interviews, and other tests.

Dr. Roper said it was relatively easy to improve quality by raising admission standards but it was more difficult to convince an adequate number of intellectually able students to become teachers. Some of the most important factors, such as salary, are not within the control of the State System and its institutions. Others are. The recommendation to develop a statewide recruiting effort for teacher trainees targeted at academically talented and culturally diverse and non-traditional students would be a start. If this were coupled with incentives, such as tuition waivers, loan forgiveness programs, and scholarships, it would be possible to do an even better job.

Retention is another serious problem, and it is recommended that the colleges and the public schools cooperate in developing entry-year assistance programs for beginning teachers and also more life-long teacher education programs.

Mr. Perry asked Dr. Roper whether she was optimistic in viewing the future of teacher education. She indicated that she was optimistic for Oregon, even though one of the reports distributed was reflecting problems at the national level in terms of teacher shortages and a decline in the quality level. Neither factor appears to be a major problem in Oregon.

Dr. Zanville said Dr. Robert Gilberts from the University of Oregon would discuss the questions related to curriculum in terms of balance, curriculum change, and basing the programs on recent research.

Dr. Gilberts said curriculum and program quality were the second most important aspects of preparing adequate teachers for the schools of Oregon. He said there is a general impression that the colleges of education are able to change their curriculum at will and load it with educational courses as opposed to general education courses. However, this is not the case. Various groups have established criteria which must be met, and other evaluations are made regularly. Consequently, there are many people with different perspectives reviewing the quality aspect and balance of the teacher education programs.

Dean Gilberts said secondary teachers at the University of Oregon have 60-80% of their work in the academic area and the remainder is in professional education. A random sample of elementary education students showed an average of 243 student credit hours, with 107 in the arts and sciences. One of the main problems in maintaining a balance, and at the same time improving the quality of the program, is the many requirements that have been placed upon the teacher education program. In addition, there is a rapidly expanding set of knowledge available to improve programs. These phenomena have caused teacher education programs to become crowded, and there is a feeling that there is insufficient program space to provide students with all the kinds of experiences they should have. Dr. Gilberts said he
believed balance had been maintained but that both the professional and general education had been disadvantaged. He indicated that many leading institutions are moving to extended programs to provide additional opportunity for adequate training.

Major changes have been made in the University of Oregon teacher education program by upgrading and updating the subject matter in the professional areas and by working with the arts and sciences people on that part of the program. Admission requirements have been improved, and the professional courses revised. Field experience has been increased, and the evaluation efforts intensified. The University of Oregon is considering a move to an extended teacher training program of six years. The staff time necessary to make such revisions is extensive, and many agencies and people need to be involved in the process. Time, money, and energy is essential.

Dean Gilberts said there was no consensus about the most important components in an approved program. He said it was his personal opinion that extending the time period was one of the major factors, together with a more intensive, more closely supervised and coached field experience in the first year. He then cited articles in various publications which discussed these areas of concern.

Dr. Don Leu was requested to discuss the issues pertaining to faculty—the problems of attracting and retaining faculty, of balancing teaching responsibilities and faculty activity in the school districts, and of professional development opportunities.

Dr. Leu said quality faculty represents a third component in a good teacher education program and adequate salaries and fringe benefits were extremely important in obtaining quality faculty. There is also a need to renew and retrain existing faculty. There is a body of research and knowledge about how to do a better job of teaching and learning, but the colleges are ill-equipped competitively for this research and renewal. A third point is an increased incentive for university faculty to work in the public schools, both to renew the faculty members and to contribute to the total public education. An incentive program requires time and energy. Quality supervision of student teachers requires incentives in terms of promotion, retention, and tenure.

Dr. Robert Barr, Dean of the OSU-WOSC College of Education, addressed the matter of access and the impact of the new requirement for the CBEST, the California Basic Educational Skills Test.

Dr. Barr said for the past several years there have been almost slanderous attacks on teachers in some of the major American magazines. These articles have focused attention on the question of whether teachers are literate and able, especially in the basic skills. He assured the Board that the teachers trained in the State System's programs were literate and competent in basic skills. He said there was ample evidence to demonstrate that there is a dramatic difference between the quality of teachers in the State of Oregon and those in other parts of the country. He reminded the Board that in 1981 the Board had required basic skills testing in higher education's teacher education programs. Since 1982, basic skills entrance criteria have been used to admit people into teacher education.

Dr. Barr said he believed there was unanimous agreement that no single test could be sufficient to determine whether a person would be an able teacher. In addition to the basic skills test, personal interviews, an examination of the grade-point average, and demonstrated effective presence in a public school classroom are used in evaluations for admission to the programs. The students admitted to the programs have graduated from high school and completed successfully two years of college.

Dr. Barr explained that the California Achievement Test, which is being used at the present time, has eliminated people from the teacher education programs, and it has been used also to determine areas of deficiency so that students can eliminate some of these problems and, in many instances, complete the test and move through the teacher education programs satisfactorily.
He commented that there are questions of test security with the California Achievement Test, and there are only two forms of the test.

The Teacher Standards and Practices Commission has reviewed various tests and selected as the required basic skills test the CBEST. After January 1, 1985, any person who desires to teach in Oregon will have to demonstrate basic skills on that test. There is particular concern about seniors who have passed the CAT and have met all of the other requirements for teacher certification. Some may not be able to pass the CBEST, and there is a question of fairness in imposing the new requirement just as these seniors are about to begin their teaching careers. Discussions are under way on devising some means for softening the impact on the seniors.

It is recommended that the California Achievement Test be replaced with the CBEST as an entrance-level examination to identify students who have certain problems in a diagnostic way, thus providing ample opportunity for those students to have remediation. The test would be used only as part of the entrance requirements.

Dr. Barr said there are some unusual problems with the self-support summer session. Teachers working on emergency certificates must return to get specific courses, not only in education, but also in the academic arts and sciences areas. Because of the self-support nature of summer session, some of the necessary courses are often eliminated if the enrollment is insufficient. In the summer, most of the effort for graduate students is really done by the faculty out of a compassion and love for their students because the income is generated by credit-hour production. Credit-hour production is only part of the work done in the graduate school during the summer.

Dr. Michael Davis of Eastern Oregon State College addressed the comparisons between Oregon and other states in its teacher education program. He said Oregon was a leader in education. He commented that many significant changes have been made throughout the country in the admissions criteria. Many of these are similar to the multi-faceted one mentioned by Dr. Barr.

He then reviewed some of the developments in other states, many of which are developments which have already occurred in Oregon. He urged the Board to continue moving toward a cooperative model with the State System and the public schools.

Mr. Batiste questioned whether the CBEST should be used as an admissions test in view of some of its limitations and the short experience with the test in California. Dr. Barr responded that the test was mandated by the Teacher Standards and Practices Commission. With that as a requirement, the question becomes whether the test should be given early or as an exit examination. It would seem more appropriate to test early in the program rather than after the students have invested time, energy, and finances in a program and then perhaps discover they could not pass this particular test.

The Chancellor agreed that the test was an established fact and that it should be a condition of admission rather than an exit examination. He said it is probable that students would do better on the test the closer they were to high school graduation. It is a reasoning type of test that tests ability to read, translate what has been read, and interpret it. It also includes mathematics components. The test does not test what one learns in college as applied to teaching, nor is it a test of professional knowledge of a field of study. The test is a general type aptitude test. By giving it early, students who do not pass are aware that they have to make up the deficiencies and retake the test.

The Chancellor noted that the test has had a disparate impact on minorities and disadvantaged students or foreign students because those who are more facile with language do better on the test, and those with a multi-lingual background have more difficulty.
The Chancellor said he strongly supported high standards for teachers and the concepts recommended to establish some high incentives.

Mr. Petersen said the Board had made it a high priority to improve faculty salaries in comparison with those of other institutions. He said he understood the Educational Coordinating Commission had somewhat diminished the case developed for this particular priority. Since Dr. Leu had expressed this very dramatically in his presentation, Mr. Petersen asked how the Board could best convince the appropriate persons of the necessity for an adequate salary increase.

Dr. Leu responded that there must be an educational process so that the public understands the career options reflected in the fact that a person who drives a bus receives a higher salary than a professor or that a teacher in the public schools with a lower level of training and experience may receive a higher salary than a professor in the colleges or universities.

The Chancellor said the State System did a detailed, sophisticated, and comparative study of salaries using numerous comparator groups in each category. The 6% retirement benefit paid by the state was included. These data have been presented to the Educational Coordinating Commission and to the Governor and his staff along with the rest of the budget request. The information has been discussed also with over 90 legislative candidates throughout the state and with various other boards and commissions. Salary improvement is the first priority in the State System budget, and it still is estimated that it would take a 23% increase in salaries to bring the institutions to the average for their type of institution nationally. The salary averages vary from institution to institution and among disciplines. The amount is not intended to represent an across-the-board adjustment.

Mr. Petersen asked whether it would be helpful to do a comparable worth study with different occupations. The Chancellor said he did not think so because the State System is not competing in recruitment with other types of occupations. The best comparison would be with other people with the same type of training and committed to the same profession. In dealing with comparable worth, it is very difficult to determine comparable worth between entirely different types of jobs. He said he did not even like to make comparisons to the public school teachers or community college teachers because he believed they were underpaid also.

Mr. Chao said the salary situation is a major problem and any conflict of opinion with respect to the data should be resolved so that the public is not confused with different messages that might not be intended. The problem is a broad society problem. He said the value placed on teachers versus other occupations was really disturbing. He suggested a cooperative effort by everyone involved in teaching to get the message to parents and the general public about the value of teachers.

Mr. Hensley commended the group for the work and effort that had been put forth, stating that the development of future teachers for future generations was one of the most important parts of higher education. He mentioned the generic evaluation system and said it was one of the most important things in measuring the quality of the teacher. However, he said he sensed some reluctance on the part of some teachers to accept this type of evaluation, especially in the area of productivity. He said he was concerned that the quality of professors might be measured on the basis of research rather than on their ability to teach. He asked whether the evaluation system included the productivity of the teacher.

Dr. Zanville said Dr. Del Schalock in Teaching Research had developed a proposal that would involve 16 educational agencies and organizations in developing a minimum evaluation system that could be used for evaluating first, second, and third year teachers as well as being used for student teachers and later adapted for teachers who have been longer in the field. This effort is in the process of development.
Dr. Gilberts said measurement and evaluation is critically important but teachers are one of the most heavily measured professions.

Mrs. Flanagan said the Joint Committee on Teacher Education had heard the report from Dr. Zanville. There was a great deal of discussion about the committee's role of bringing information to the Legislature and the public in the areas of agreement on teacher education.

Dr. Elizabeth Hamlin, Chairman of the Joint Committee, said the emphasis on generic evaluation would be a positive one. If the process were begun while the student was in college, the student would be well aware that the evaluation and measurement would be helpful. Further, if areas needed to be strengthened, the resources would be available to help. The committee was also pleased with the prospect of going to the Legislature as a joint board. A unified approach by educational groups in a leadership role would tend to increase the public's awareness of what teachers do and the value that they have to society.

Mr. Hensley said he understood educational professionals were lagging behind in the cultivation of minorities into the teaching profession. He asked how this issue could be addressed, particularly when admissions standards were being raised and there is more difficult testing required for students entering the program.

Dr. Hamlin said she had discussed this with several of the deans of education. She said that the use of the CBEST as an entrance test rather than an exit test would provide opportunities for remedial work so that students would be able to achieve the required performance level and proceed through the program in teacher education.

In response to a question from Mr. Batiste concerning the administration of the test, Dr. Hamlin said it was her understanding the student must pass each segment of the test one time but that there would be repeated opportunities to do this. Thus, a student who had difficulty with a particular section could strengthen that area and retake that portion of the test.

Dr. Zanville commented that the test could be taken up to five years prior to submitting it for certification. It was also stated that a person seeking initial certification in another field after the five-year period might be required to pass the CBEST again.

Miss Walling commended those responsible for preparing the report because it identified some of the important areas of education. She said she was particularly pleased that the test would not be exclusionary but would emphasize training people in their weak areas. The supervision of teachers after they graduate during the critical year of introduction to the educational system is also very important. She said she thought this would be a key area for improving teacher retention. Miss Walling said she had some concerns about determining the characteristics that make a good teacher because people teach in many different styles and all are effective. She said she hoped that evaluation would not lead to teaching by one method because teaching is a very flexible profession.

Mr. Alltucker questioned whether the test measured the proper characteristics because he did not think there was a clearly-articulated profile of the characteristics that would lead to outstanding classroom performance. Without that, it is difficult to develop an evaluation program. He said he was concerned also that the custom and traditions of the institutions tend to resist effective evaluation of the characteristics of an outstanding teacher.

Dr. Barr responded that testing was very difficult and emphasized that the programs are not using any particular test to eliminate people from teaching careers. However, a great deal is known about what makes a successful, effective classroom teacher. This knowledge should be assembled into a generic evaluation instrument that could be used as students go through the programs so that there would be some assurance students would be measured on an adequate, reasonable, and similar basis once they were in the schools.
Mr. Alltucker said he had been troubled that the things being tested were important but were not necessarily the most important. He suggested in response to Dr. Barr's comments that the Board set a high priority on creating an environment to develop appropriate kinds of studies and results.

Mr. Batiste said he was pleased that a systemwide pilot warranty would be established.

Mrs. Nelson said a local academic booster club had been established in her locality, partially in response to comments about mediocrity, and it has been very successful. It promotes academic activities and excellence and attempts to focus attention on excellent teachers. If similar groups were established throughout the state, she said it might be possible to promote understanding of the teaching profession through those groups.

Dr. Roper said this was an excellent idea and would change and improve the attitude of the public toward teaching. It would assist also in recruiting top quality people to teacher education by giving them examples of excellent teachers who are excited about their work.

Dr. Zanville thanked the Board for the opportunity to share some of these issues and assured the Board that everyone concerned would be working very closely together to continue to improve the profession.

The Committee recommended that the report be accepted and referred the report to the Board for consideration and approval.

Board Discussion and Action

Mrs. Flanagan moved that the report be accepted and that the Board encourage the institutions offering teacher education programs, their staffs, and the Board's staff, working cooperatively with the public schools and other agencies and organizations, to move vigorously to implement the recommendations for improvement of preparation of teachers in Oregon as soon as possible. She also requested that Dr. Zanville present a progress report to the Board in six months.

Mr. Alltucker presented an amendment to the motion to state that the Board sets a very high priority on providing the environment and the support necessary to complete and articulate the qualities necessary for excellence in teaching along the lines discussed by Dr. Barr. Mrs. Flanagan accepted the amendment as part of her motion.

The Board approved the recommendation as presented and amended. The following voted in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

Staff Report to the Board

Under the provisions of ORS 279.049, as amended in 1983, "The Attorney General shall prepare and maintain model rules of procedure appropriate for use by all public contracting agencies governing bid procedures, advertisements, the awarding of bids, retainage, claims, liens, bid security, payment and performance bonds and other matters involving public contracts, and may devise and publish forms for use therewith." The statute also indicates that the Attorney General shall consult with knowledgeable persons before adopting or amending these rules.

Although some guidelines were promulgated several years ago following the creation of the Public Contract Review Board, they were incomplete and in many instances were no longer applicable because of the decision of the 1983 Legislature (through Chapter 690, Oregon Laws 1983) to abolish the Public Contract Review Board.
Early in 1984, the Attorney General appointed representatives from cities, counties, school districts, private contractors and various state agencies, including the Department of Transportation, Higher Education and General Services, to assist in developing a set of model public contracting rules that would be available for use by local governments as well as state agencies. The Vice Chancellor for Facilities Planning served on this committee as the representative of the Department of Higher Education throughout the months of drafting and editing of these rules.

Following a public hearing on July 30, 1984, final editing was accomplished and the rules were adopted by the Attorney General. They became effective on October 1, 1984.

The rules are arranged in chronological order commencing with the sequence of a normal competitive bid process. As summarized by the project leader, Mr. David A. Aamodt, Assistant Attorney General, "The rules track the competitive bid process starting with bid documents and notice through bid preparation, submission of bids, evaluation of bids and rejection of bids. Rules that are specific for public improvement contracts are included in Division 40 of the rules and these have been specifically identified and are in addition to the general public bidding rules in Division 30. A number of new procedures have been included that formalize practices of some agencies regarding protest of bid specifications and extensions of time. The general thrust of the rules is to allow as much flexibility to the public agency and yet provide for enough certainty so that the vendors know what the rules are and how to proceed. The normal time limits are either five or ten days and these have been inserted to provide certainty to the process. Pertinent commentary is provided following selected rules."

Copies of the rules were distributed to the vice presidents and deans of administration, business officers, physical plant directors and a few other institutional officials for review and comment. It was noted that only one of the rules (137-30-105, Negotiation with Bidders Prohibited) appeared to be in conflict with the policies and procedures currently being followed in the administration of public improvement contracts for the Department of Higher Education. The adoption of this particular section by the Attorney General was a disappointment to the Board's staff, especially in view of oral testimony presented at the hearing and subsequent written arguments requesting that public agencies, such as the Department of Higher Education, be allowed to continue to execute a change order simultaneously with a public improvement contract award under certain conditions. This position was opposed publicly by staff within the Department of Transportation (Highway Division) and the Department of General Services who testified in support of Rule 137-30-105 as drafted by the Assistant Attorney General. Mr. Aamodt has advised informally that representatives of the Oregon-Columbia Chapter of the Associated General Contractors and others discussed this issue with him, but in the absence of specific statutory authorization for pre-contract negotiations with bidders, he concluded that no change should be made in the proposed rule.

In the opinion of the Board's staff, it would be desirable to delete this particular rule from the Attorney General's model rules at the time that the public contracting rules are adopted by the Board. There have been several occasions in the past, including some that have been reviewed with the State Emergency Board, where a change order was issued simultaneously with a contract award in order to proceed promptly with construction within the resources and/or the approved expenditure limitation for a project. One of the most complex situations involving the process of negotiation with the lowest bidder occurred in 1978 when authorization was obtained from the Board, the State Emergency Board, the Department of Environmental Quality and the City of Portland for the awarding of a major contract for the construction of Phase I of Parking Structure No. 3 at Portland State University. Although the final result was to proceed under an increased expenditure limitation, the alternative of reducing the size of the structure by means of a change order negotiated with the lowest bidder was explored in depth and was discussed with the Board and the State Emergency Board. The construction of the facility would have been delayed many months if there had been no opportunity to enter into negotiations with the bidder.
If there is a way to solve a problem without having to rebid a project, the public contracting agency ought to have the capacity to do so. This does not imply that such a route would always be followed, but this alternative should not be precluded if it is in the best interest of the public agency. There have been instances in the past where a final decision by a federal granting agency, the Emergency Board, or others went beyond the time authorized for the acceptance of a bid for construction, and some minor adjustment in the contract price had to be made for an extension. Under the Attorney General's Rule 137-30-105, it would appear that it would be impossible to "negotiate" anything with the bidder before the contract is awarded. If a change order can be written immediately following a contract award, it would seem reasonable to be able to execute it simultaneously with a contract award.

This one exception, although significant, should not be interpreted as criticism of the remaining sections of the model rules. They reflect the consensus of the advisory committee and are endorsed by the Board's staff as appropriate for application to bid invitations and other contract matters for the Department of Higher Education.

**Staff Recommendation to the Board**

It was recommended that the Board schedule a public hearing on December 14, 1984, concerning the proposed adoption of all of the Attorney General's Model Rules on Public Contracting except Rule 137-30-105 and thereafter adopt these rules for use by the Department of Higher Education, as applicable.

**Discussion and Recommendation by the Committee**

Mr. Alltucker said there had been resistance from the contracting industry concerning the removal of OAR 137-30-105, Negotiation with Bidders Prohibited. He said a contractor whose bid is close to that of the low bidder objects to having the job awarded to the low bidder when there has been a change in the specifications and some particular specification that might be quite expensive has been revised due to negotiations after the bid opening and before the award of the contract. Mr. Alltucker said he would be satisfied as a contractor if he were permitted to be present during negotiations with the low bidder and they both had an equal opportunity to reduce the contract in line with any revision to the specifications.

Mr. Hunderup said he was not sure that the industry really wanted the provision prohibiting negotiation. Consultations with representatives of the Associated General Contractors and with some prime contractors on major projects have encouraged developing a solution with the lowest bidders in order to move ahead with a job when bids exceed the funds available. It is not in the best interests of the industry as a whole to reject all bids and start over.

Mr. Hunderup indicated that when there were significant modifications, the concurrence of other bidders had been obtained before starting the negotiation process. He said he did not think there ever had been any effort by the staff to work with a contractor without the knowledge of the other contractors involved. If the other bidders refused to permit negotiations, the bids would be rejected and the specifications would be revised and rebid.

He commented that the Attorney General's resistance to changing this rule was not so much in the area of public improvement contracting as in the area of purchasing. Unfortunately, one set of rules is adopted for all public contracts.

Mr. Hunderup said in his judgment all of these rules were appropriate for the Department of Higher Education, insofar as public improvement contracts were concerned, with the one exception of OAR 137-30-105.
Mr. Batiste said he would have no reservations about deleting that rule as long as Mr. Hunderup was interpreting the rule and the bidding practices. However, since Mr. Hunderup would soon be retiring, he suggested that some written statement of procedure be developed in lieu of the rule recommended for deletion.

Mr. Hensley said he would support that suggestion. He said jobs are bid quite closely. If the nature of the job changes through negotiation, the unsuccessful contractor feels that the process has not been fair. There should be some wording to allow the bidders who were close to the low bidder the same opportunity as the low bidder to respond to changes in the specifications.

Mr. Petersen questioned the provision which prevents the use of brand names and the possibility of dealing with a contractor who also is selling equipment.

Mr. Hunderup said the intent was to comply with Oregon law that denies the use of brand names unless the specifications include the phrase "or equal." It would be the responsibility of the agency to prove there was not something equivalent if the specifications were written so tightly that there was no equal.

The Committee recommended that the Board approve the staff recommendation, with the understanding that the staff would prepare guidelines which might be used in connection with the possible negotiation of change order credits or changes to be executed simultaneously with a contract award for a public works project for the Department of Higher Education.

Board Discussion and Action

The Board approved the Committee recommendation, with the following voting in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

Mrs. Flanagan reported briefly on the meeting of the Joint Committee on Teacher Education. She said many of the topics had been covered in discussions earlier in the Board meeting. The teacher education report was presented to the Joint Committee, as was the generic evaluation program mentioned earlier. Much of the time was devoted to reviewing the draft report of the joint boards and commissions. She mentioned a number of topics which have common support and deal with improvements in teacher education and teacher performance. These will be considered further by the Joint Committee and the individual boards and commissions.

Mrs. Flanagan said the next meeting will be in January. Efforts are underway to have a two-day workshop in February, possibly with a national figure to present information on testing as it relates to the project on evaluation. The appropriate board and commission representatives, and possibly some legislators, would be invited.

Mr. Perry expressed his appreciation for Mrs. Flanagan's service on this committee and also to the staff members who have been involved in these activities.

Mr. Petersen said he was concerned that the Board had not yet received the report on the academic progress of athletes in the various intercollegiate programs. He said it was his understanding the information had been provided by the colleges but was not available for the universities. He urged that the report be submitted to the Board promptly.

Mr. Batiste inquired when the goals and objectives discussed at the Board's retreat would be coming to the Board and also when the Board would be seeing a revision of the Strategic Plan.
The Chancellor said there will be an updated evaluation of the Strategic Plan which would identify the goals and areas which were still in progress. Most of the goals and objectives have been set forth in the budget request. When the Governor's recommended budget is announced, it will be possible to determine the State System's position in terms of the projected goals which were dependent upon getting financing. It will then be necessary to review the position with respect to those goals and objectives.

Mr. Alltucker commented that strategic planning was pending resolution of the time schedule set forth in the Oregon Educational Coordinating Commission's planning proposal.

PRESIDENT'S REPORT

Mr. Perry read the following Certificate of Recognition honoring Dr. Robert W. MacVicar, the retiring president of Oregon State University:

CERTIFICATE OF RECOGNITION
HONORING
ROBERT W. MACVICAR

The Board of Higher Education expresses its deep appreciation and highest commendation to Dr. Robert MacVicar as he completes a remarkably long and productive term of service as president of Oregon State University.

His term of service--14% years--is believed to be the longest of any current leader of a major United States university. An educational statesman, he worked for the welfare of all higher education in Oregon, not just that of his own institution.

During those years, Dr. MacVicar has affected more students than any president in Oregon State University's history. He has awarded more than 48,000 degrees, nearly half of the institution's total since 1870.

State Board members over the years have come to count on Mac when the going got tough. His attendance record was near perfect; he had always done his homework; and he gave sound and sensible advice.

The State Board of Higher Education is mindful this day of the marvelous accomplishments and advances at Oregon State during the MacVicar years. These include establishment and development of outstanding regional and national facilities--the Mark Hatfield Marine Science Center, the Stewart Center, new colleges of oceanography and veterinary medicine, the forestry research complex, and the merger of the colleges of education of Oregon State University and Western Oregon State College. Research grants more than doubled, and research became a major industry and honored word.

In his unassuming way, Mac would discount his personal contributions and achievements, but they stand for all the state to see and for the State Board to acknowledge this day.

We say: well done to a fine and faithful servant, leader and friend, and best wishes for the years ahead to you and Mrs. MacVicar.

The Board adopted the Certificate of Recognition, with the following voting in favor: Directors Alltucker, Batiste, Chao, Clark, Flanagan, Harms, Hensley, Nelson, Petersen, Walling, and Perry. Those voting no: None.

Next Meeting Dates

Mr. Perry announced that the next regular Board meeting would be held on December 14, 1984, on the campus of Portland State University. It will be preceded by meetings of the Board's Committees.
Staff Report to the Board

Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of Architect Richard F. Garfield, Portland, and his consultants for alterations for the Ophthalmology Department on Floor 10B of University Hospital South on the campus of the Oregon Health Sciences University, were accepted on behalf of the Board. Six bids were received for the work on October 17, 1984, ranging from a low of $97,636 to a high of $117,888. These amounts include adjustments for four alternates, mostly additive, which were exercised. Inasmuch as the low bid was somewhat lower than the direct construction cost allowance, a contract award was made and the following tentative budget was approved for the project:

| Direct construction costs - | $ 97,636 |
| Professional services fees | 9,800 |
| Construction supervision and miscellaneous costs | 20,864 |
| Contingencies | 9,700 |
| **Total** | **$138,000** |

The estimated total expenditure requirements of $138,000 are $10,000 less than the pre-bid budget of $148,000 reported to the Board on September 21, 1984, at the time of the acceptance of the design development phase of planning.

In accordance with the description provided when the schematic design phase of planning was reviewed and approved by the Board on May 25, 1984, the work of the contract includes removing some of the existing partitions, constructing new partitions and improving utility and ancillary services within an area of approximately 2,500 square feet on the 10th floor of the Hospital currently identified as the Adult Eye Clinic. A new reception counter will be located adjacent to enlarged waiting areas, nine examining rooms and two special procedure rooms will be provided, and the department's photography laboratories will be expanded and re-arranged.

All of the project expenses are expected to be financed from Article XI-F(1) bond proceeds as a portion of the 1981-1983 capital construction program for Hospital and Clinic Rehabilitation and Alterations Projects.

**RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD**

**Project** - OHSU Hospital and Clinic Rehabilitation and Alterations Projects (UHS 10B Ophthalmology Renovations)

**Architect** - Richard F. Garfield, AIA, 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) | $138,000 |
| Estimated total direct construction costs (this portion only) | $ 97,636 |
| Estimated net area to be remodeled - 2,500 square feet | |
| Scheduled completion - March 1985 | |
| Tentative financing plan: Article XI-F(1) bond borrowings | $138,000 |

**Board Discussion and Action**

The Board received the report as presented.
Sale of Liles Estate Property, OHSU

Staff Report to the Board

On October 26, 1984, the Board's staff opened seven bids for the sale of land and a "duplex residence" located at 2556 Friendly Street, Eugene. In accordance with Oregon statutes, the property had been advertised four successive weeks following receipt of Board approval on September 21, 1984, to sell the property for not less than $10,000, "as is." The highest bid, which was subsequently accepted, was for $18,010.05. A Bargain and Sale Deed, approved by Assistant Attorney General Jerome Lidz, has been executed by the Board President and Board Secretary, and will be presented to the purchaser upon receipt of the outstanding balance of the cash bid during the week of November 26, 1984.

Board Discussion and Action

The Board received the report as presented.

Report of Bids and Contract Award for Mountain Avenue Parking Lot, SOSC

Staff Report to the Board

On May 25, 1984, the Board authorized the expenditure of approximately $83,400 of auxiliary enterprise resources for parking improvements on the west side of South Mountain Avenue across from the Swedenburg House at Southern Oregon State College with the understanding that any funds advanced from accounts other than parking reserves would be repaid, with interest, from parking revenues in accordance with Board policies.

Following the completion of the drawings and specifications for the project by the Physical Plant Department of the institution with the assistance of Marquess & Associates, Inc., consulting engineers, Medford, bids were solicited and were opened on October 11, 1984. The quotations received from two contractors were in the amounts of $52,135 and $58,811.

Upon the recommendation of institutional officials, a contract award was made to the low bidder and the following tentative budget was approved for the project:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs</td>
<td></td>
</tr>
<tr>
<td>Tru-Mix Construction Company, Medford</td>
<td>$52,135</td>
</tr>
<tr>
<td>Professional services</td>
<td>5,500</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous</td>
<td></td>
</tr>
<tr>
<td>Physical Plant expenses</td>
<td>4,201</td>
</tr>
<tr>
<td>Contingencies</td>
<td>1,564</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$63,400</strong></td>
</tr>
</tbody>
</table>

The paving of the two vacant lots on the west side of South Mountain Avenue will provide approximately 40 additional parking spaces in accordance with the site development plan for the Swedenburg House restoration project.

Except for the use of approximately $6,000 of unencumbered bond proceeds from previous parking improvements at Southern Oregon State College, the financing of the Mountain Avenue Lot is being accomplished by advancing funds from the campus bookstore reserve.

The work is scheduled for completion by December 24, 1984.

Board Discussion and Action

The Board received 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 OAR 580-50-020, arrangements were made with EMC Engineers, Inc., Eugene, for professional services relating to energy audits for 22 buildings on the campus in Ashland, and to the preparation of applications which may be filed with the Oregon Department of Energy for funding of technical assistance studies for ten of these buildings.

Compensation for the professional services of the Engineers and for reimbursement of related direct expenses, will be based upon time and materials not to exceed a maximum of $20,250.

Funds for these services are being provided from resources available to the institution within its operating budget. Costs applicable to auxiliary enterprise facilities will be paid from their accounts.

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

On July 27, 1984, the Board approved the schematic design phase of planning for the proposed Schneider Museum of Art on the campus of Southern Oregon State College, prepared with the assistance of Architects Martin/Matteson, AIA, Portland. This project is part of the 1983-1985 capital construction program and is expected to be financed from gift and grant funds totaling $350,000.

Based upon the recommendation of institutional officials following the completion of the design development phase of planning, the Board's staff acknowledged the acceptance thereof and authorized the architects to complete the construction documents phase so that bids may be solicited and a contract award made for the work. The description of the proposed facilities remains essentially the same as that outlined in the July 27, 1984, Board minutes.

The direct construction cost allowance continues to be $285,000. These costs and the related expenditures for professional services fees, artwork, construction supervision and other project expenses are to be financed from private donations and a grant of $4,000 from the Oregon Arts Foundation.

RECAPITULATION UPON ACCEPTANCE OF DESIGN DEVELOPMENT PHASE OF PLANNING

Project - SOSC Schneider Museum of Art
Architects - Martin/Matteson, AIA, Portland
Board's priority - No. 31 in '1983-1985
Legislative authorization - Chapter 422, Oregon Laws 1983

| Estimated total project costs | $350,000 |
| Estimated direct construction costs | $285,000 |
| Estimated gross area | 4,000 square feet |

Tentative schedule:
- Bidding: January 1985
- Completion: September 1985

Tentative financing plan:
- Gifts and grants: $350,000
Board Discussion and Action

The Board received the report as presented.

New Tax-Deferred Annuity Plans Added

Staff Report to the Board

Two new tax-deferred annuity plans are now available to faculty and staff: The Scudder Funds and the American Funds Group marketed by Shearson/American Express. The Scudder Funds is a no-load family of mutual funds including stock funds, bond funds, and a money market fund. The Scudder office in Portland will administer the plan, and faculty and staff may call the Scudder toll-free number for assistance. The American Funds Group is a front-end load fund charging 8½% with similar choices among stock funds, bond funds, and a money market fund. Shearson was selected to market the American Funds upon recommendation of the interinstitutional Tax-Deferred Annuity Selection Committee.

Board Discussion and Action

The Board received the report as presented.

ADJOURNMENT

The Board meeting was adjourned at 3:30 p.m.

Louis B. Perry, President

Wilma L. Foster, Secretary