MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
FEBRUARY 21, 1986

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ADJOURNMENT 115
STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN ROOM 2115,
CHILD DEVELOPMENT AND REHABILITATION CENTER,
OREGON HEALTH SCIENCES UNIVERSITY, PORTLAND, OREGON

February 21, 1986

A regular meeting of the State Board of Higher Education was
held in Room 2115, Child Development and Rehabilitation Center,
Oregon Health Sciences University, Portland, Oregon.

The meeting was called to order at 11:00 a.m., February 21, 1986,
by the President of the Board, Mr. Alvin R. Batiste, and on roll
call the following answered present:

Mr. Robert R. Adams  Mrs. Janet S. Nelson
Mr. John W. Alltucker  Mr. James C. Petersen
Mr. Terrence A. Clark  Miss Mildred A. Schwab
Mr. F. David Crowell  Mr. Alvin R. Batiste
Mr. Richard F. Hensley

Absent: Mr. Chao was absent for business reasons.

OTHERS PRESENT

Centralized Activities--Chancellor William E. Davis; Secretary
Wilma L. Foster; W. T. Lemman, Executive Vice Chancellor;
Lawrence C. Pierce, Vice Chancellor for Academic Affairs; Wil
Post, Vice Chancellor for Public Affairs; John Owen, Vice
Chancellor for OCATE; Roger Olsen, Director of OCATE; W. C.
Neland, Associate Vice Chancellor, Facilities Division; Holly
Zanville, Assistant Vice Chancellor, Academic Affairs; Kay Juran,
Assistant Vice Chancellor, Public Affairs; Davis Quenzer, Associate
Vice Chancellor, Fiscal Policies; Joe Sicotte, Associate Vice Chancellor,
Personnel Services; Ron Anderson, Assistant Vice Chancellor,
Personnel Services; Ross Hall, Controller; James F. Payne,
Assistant in Student Services, Academic Affairs; Jerry Casby,
Assistant Attorney General; Barbara Barrie, Personnel Officer;
Virginia Boushey, Assistant to Executive Vice Chancellor; Debbie
Cherry, Secretary, Public Affairs.

Oregon State University--President John V. Byrne; T. D. Parsons,
Vice President for Finance and Administration; Bill Wilkins, Vice
President, Academic Affairs; Bob McMahon, President, Faculty Senate.

University of Oregon--President Paul Olum; Richard J. Hill, Provost;
Dan Williams, Vice President for Administration.

Meeting #534
ROLL CALL
Meeting #534

February 21, 1986

Oregon Health Sciences University--President Leonard Laster; J. T. McGill; Vice President; Steve Bauer, Assistant to the President; Peter Wollstein, Assistant Vice President, Budget and Finance; B. Elizabeth Britton, Minority Affairs.

Portland State University--President J. C. Blume; Margaret J. Dobson, Vice President, Academic Affairs; Roger Edgington, Vice President for Finance and Administration; Chik Erzurumlu, Dean of Engineering; Armando LaGuardia, Director, Upward Bound; Major Morris, Affirmative Action Officer; P. R. Bogue, Assistant to the President; William A. Little, Associate Professor, Black Studies; Nancy Koroloff, Coordinator, Field Instruction.

Eastern Oregon State College--President David E. Gilbert; James C. Lundy, Dean of Administration; James W. Hottois, Dean of Academic Affairs.

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

Southern Oregon State College--President Natale A. Sicuro; Ernest E. Ettlich, Dean of Academic Affairs; Ronald Bolstad, Dean of Administration.

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

Others--Tom Benjamin, General Manager, Portland Student Services; Connie Romanski, Director, Educational Research and Consulting; Jetta Siegel, Executive Secretary, Oregon Conference, American Association of University Professors; T. K. Olson, Executive Director, Oregon Educational Coordinating Commission; Barbara Mitchell, Deputy Director, Oregon Educational Coordinating Commission; Duncan Fordyce, Vice President, The Common Fund; Debbie Lincoln, Budget Analyst, Executive Department; Steve Forrey, Fiscal Analyst, Legislative Fiscal Office; Sherry Oeser, Executive Director, Oregon Student Lobby; Chad Debnam, President, Oregon Business League.

MINUTES APPROVED

The Board dispensed with the reading of the minutes of the last regular meeting held on January 17, 1986, and approved them as previously distributed. The following voted in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Petersen, Schwab, and Batiste. Those voting no: None. Director Nelson was absent from the meeting at this time.

Introduction of Visitors

Mr. Batiste and Mr. Lemman recognized the presence of the following visitors: Dr. T. K. Olson, Executive Director, and Dr. Barbara Mitchell, Deputy Director, from the Oregon Educational Coordinating Commission; Ms. Deborah Lincoln, budget analyst for higher education from the Executive Department; and Mr. Stephen Forrey, Legislative Fiscal Office analyst for higher education.
Staff Report to the Board

At the November 22, 1985, meeting, the Board adopted a policy statement expressing a continuing commitment to the effort to build a more diverse student population and workforce in higher education through increased efforts to recruit minorities and women. The policy states:

POLICY STATEMENT ON EQUAL OPPORTUNITY

The Oregon State Board of Higher Education recognizes the importance of appropriate higher education opportunities for all citizens of the state. The Board is committed in its Strategic Plan to recruit and build a more diverse student population and workplace.

It is the Board's intent that women and minority students be appropriately represented in academic programs at the undergraduate and graduate levels. It is also the Board's intent that women and minorities be appropriately represented in the administrative staff and in the teaching and research faculty.

Institution presidents have primary responsibility for developing and implementing programs to enhance enrollment and graduation of women and minority students and for achieving a diversified workforce by maintaining affirmative action plans; the appropriate social-educational climate; and other relevant conditions, policies, and practices. The Chancellor is responsible for developing and implementing similar plans, conditions, policies, and practices in the Board's Office. As a matter of law, as well as policy, the Chancellor shall evaluate the performance in these areas of presidents and other officers reporting to him. (See Board's policy on Executive Management and Evaluation of Chief Administrators.)

The Chancellor shall report to the Board at the December meeting each year concerning the efforts and achievements with respect to equal opportunity and affirmative action objectives in enrollment and employment during the prior fiscal year. Special recognition shall be given in the report to those institutions which have achieved the stated goals or which have made superior efforts to those ends. Attention will also be called to institutions which have demonstrated unsatisfactory progress or efforts.

The Board further intends, as a matter of policy, that minority- and women-owned business enterprises have equal opportunity in contracting, subcontracting, and supplying materials for capital construction projects undertaken by the Board.
The Board's staff indicated that administrative rules designed to implement this policy statement would be drafted and brought before the Board for approval at a future time.

These proposed administrative rules require institutions to establish affirmative action goals and procedures aimed at increasing the number of women and minorities enrolled in, and employed by, the institutions. The rules also require biennial review of procedures with a report to the Chancellor.

A public hearing has been scheduled for February 18, 1986, at 10:00 a.m., with Ms. Virginia Boushey as the designated hearing officer. A report of any testimony presented at the public hearing will be made to the Board at the February 21 meeting.

Staff Recommendation to the Board

It was recommended that, following the report of any public testimony received at the hearing, the Board consider the adoption of the proposed rules. The proposed rules appear below:

Affirmative Action Goals: Enrollment

580-10-003 (1) Each institution president shall establish affirmative action goals and procedures for the purpose of increasing the proportion of minorities and women enrolled in programs where minorities or women are underrepresented. Institutions shall be sensitive to the need for effective support for such students.

(2) For purposes of this rule, "minorities" refers to Black Americans, Hispanic Americans, Asian/Pacific-Island Americans, and American Indians/Alaskan Natives.

(3) The goals and procedures established under this rule shall be reviewed by the institution president for adequacy and effectiveness at the end of each biennium and modified accordingly. A report of this biennial review shall be submitted to the Chancellor.

Affirmative Action Goals: Employment

580-21-006 (1) Each institution president shall establish affirmative action goals and procedures for the purpose of increasing the proportion and effective utilization of minorities and women employed in administrative, technical and faculty positions in programs and departments where minorities or women are underrepresented.

(2) For purposes of this rule, "minorities" refers to Black Americans, Hispanic Americans, Asian/Pacific-Island Americans, and American Indians/Alaskan Natives.

(3) The goals and procedures established under this rule shall be reviewed by the institution president for adequacy and effectiveness at the end of each biennium and modified accordingly. A report of this biennial review shall be submitted to the Chancellor.
Board Discussion and Action

Mr. Lemman said the proposed rules presented in the docket had been adjusted in response to comments at the public hearing held earlier in the week and in response to other comments received from affirmative action officers and others. The suggested amendments were distributed and have been incorporated in the proposed rules shown above. In addition, a summary of the comments was distributed, and a copy is on file in the Board's Office.

Mr. Lemman said most of the comments related to the semantics. Modifications were proposed to make the language more precise, to reflect more appropriate references to the affected groups, to improve interpretation of the results, and to clarify the review procedures.

Other comments were received which were not incorporated in the proposed rules. They included the following:

1. The definition of minorities should be broadened to include non-citizens and persons who do not wish to include themselves in one of the named groups.

2. The rules should require goals and procedures aimed at increasing minorities and women in all programs, with emphasis on those where they are underrepresented.

3. The report to the Chancellor should be annual rather than biennial. It was indicated the policy statement required an annual report. The proposed rules do not duplicate that requirement but require review and necessary modification each biennium.

4. Affirmative action rules should address problems of women of color.

5. The proposed rules are vague, ambiguous, and duplicative of existing programs, policies, and goals. Each institution should establish action plans and a task force to study problems in collaboration with other institutions, high schools, and community colleges. Funding should be provided for this purpose.

6. The term "underrepresented" should be defined. However, the comment also was made that it could not be defined adequately because of the variations in the student populations. The staff would propose monitoring actual enrollment data at each institution on a long-term basis to chart actual progress or lack of progress.
7. The enrollment rule should provide for a review of admission requirements with respect to modifications needed to facilitate adjustment of the stated goals. The suggestion is for special admissions standards and such provisions already exist.

8. The employment rule should specify employment in programs where there is "documented availability of minorities and women, and in which they continue to be underrepresented."

Mr. Batiste then invited those who wished to comment to present their statements.

Ms. Kathleen Sadat, Executive Director of the Oregon Commission on Black Affairs, said she would address three parts of the proposed rules.

The term "sensitive" should be clarified in the statement that institutions should be sensitive to effective support for such students. The designation "Black American" should be changed to "Afro" or "African" American. In response to a question, Ms. Sadat explained that this would tie blacks to the reality that Africa was their land base and would remove the non-descriptive term "black."

She said the third issue was under Item 3 in both the enrollment and employment sections where they specify review by the institution president and appropriate modification. "Modified accordingly" seems ambiguous in the context used. This statement could imply that the goals might be modified downward, if they were not attained, rather than making changes to improve the situation.

Mr. Crowell requested Ms. Sadat to suggest what might constitute effective support. She replied that tutoring was one possibility.

Mr. Batiste commented that the Board had received a very extensive report with respect to the support programs in the State System and that the issue would be addressed in the Strategic Plan.

Mr. Lemman said the circumstances varied widely among the institutions and it was difficult to include appropriate statements in a rule. The term "sensitive to the needs" indicates that something will be done to meet the needs as they appear. Minority programs are already in place for that purpose. Dr. Pierce added that information is kept on minority programs in a variety of areas. Proposals and programs are being developed
to attempt to increase the support at the high school level as well as in the colleges in order to encourage minority students to enroll and to be successful once they have enrolled in State System institutions.

The programmatic effort occurs in the normal recruitment and student services and academic programs, but it would be difficult to incorporate these efforts into an administrative rule.

Mr. Batiste referred to the concern with respect to the designation used for blacks and said he understood that the definition had come from the federal government. Mr. Lemman said it was his understanding this was the case. Mr. Batiste proposed that it be determined whether this definition was imbedded in federal or state definitions.

Mr. Batiste stated that the policy did not envision a downward modification. Obviously, if the pool of available people in the target population were diminished, it might be necessary to have a downward modification, but that this would not be the intent of the Board's language.

Ms. Sadat said at a time when legislation and process are being stated more ambiguously, it leaves room for changes that were not anticipated ten or fifteen years ago.

Mr. Batiste said the thrust of the affirmative action effort was to make the effort and get the results. At the same time, that result must be tempered with the reality of the market and other considerations.

Mr. Crowell asked Ms. Sadat if "Black Afro-Americans" would be satisfactory in place of the term "Black Americans." She indicated that it probably would be clearer than anything else which could be used.

Mr. Chad Debnam, President of the Oregon Business League, commended the Board for its consideration of the proposed rules. He said the league would propose that the term "African American" be substituted for "Black American" in the definition of the minorities in order to be consistent with references to other minority groups by country, land, or culture. This recommendation would be consistent with the latest thinking of leading African American scholars.

Mr. Armando LaGuardia, Director of the Upward Bound Program at Portland State University, commented on the great need of minority people for higher education and the many problems that have kept minorities from attaining the benefits of higher education. He cited many of the benefits of higher education which would be of importance to the minority communities.
Mr. LaGuardia said the needs of students must be paramount but that, in his opinion, the resources were not available presently to meet those needs. Minority students are better prepared than they have been in the past. Where there is a commitment to the improvement of preparation, positive things happen and minority students do show improvement. He said the experience in the Upward Bound program had shown an excellent record of preparation for college and a very good record of college retention. For example, at Portland State University, students who have received assistance and gone on to college have matriculated at a ratio of about 85-86%, and the retention rate so far is over 86%. He commented that he and many other minority persons who were in leadership positions in Oregon had taken advantage of programs and assistance offered earlier.

He urged the Board to make every possible effort to improve and increase assistance given to minority students and to provide them with the necessary support when they enter the institutions of higher education.

It was moved and seconded that the staff recommendation to adopt the proposed administrative rules on affirmative action be approved.

Mr. Crowell moved that the rules be amended to insert the word "African" in the definitions in paragraph two of each rule so that the terms would read "Black African Americans."

The amendment was approved with the understanding that it could be changed, if necessary, after Mr. Casby had determined whether there was any problem with other statutes and regulations as a result of the modification of the definition.

Mr. Alltucker then referred to comments in the summary of testimony which had been distributed. One comment mentioned the need for special attention to women of color and the fact that they might have some special needs. He said he was having difficulty with the definition of underrepresented because of the conflict in two of the statements in the report of testimony given.

Mr. Lemman said the conflict resulted from statements by two different people. He said originally the underrepresentation was related to the proportion of the high school population or graduates. However, the college population is no longer coming directly from high school graduates, and the college age group is much older. Efforts to recruit and enroll minority students should not be limited, nor should the goals be limited, by the fact that the high school populations are declining. Therefore, after hearing the testimony, the conclusion was reached that
Meeting #534 February 21, 1986

Affirmative action goals should be based upon underrepresentation generally. In response to a question, Mr. Lemman said that in determining whether there was underrepresentation, different percentages would be used for La Grande than for Portland.

Mr. Adams said that with regard to the women of color, it would seem that ordinarily they would be covered twice and would be considered doubly important because of their dual designation.

Mr. Clark asked whether the issue of sensitivity could be addressed by some alternative language, and he suggested two possible changes.

Mr. Lemman said the suggested language had been considered but essentially it would be directing the institutions to give the first dollar off the top of everything they spend to this particular item when it is made an absolute requirement by rule. The language proposed to the Board was drafted carefully to give direction to the presidents to support these activities without requiring them to do so without regard to the resources which might be available at a particular point in time.

The Board then approved the staff recommendation and on roll call vote adopted OAR 580-10-003, Affirmative Action Goals: Enrollment, as amended. The following voted in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

The Board then approved the staff recommendation and on roll call vote adopted OAR 580-21-006, Affirmative Action Goals: Employment, as amended. The following voted in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

CHANCELLOR’S REPORT

Appointment of Dean of Law School, UO

The Chancellor reported the appointment of Maurice J. Holland as the new dean of the Law School at the University of Oregon. He is from Indiana University and holds both the J.D. and the Ph.D. degrees.

The Chancellor said he was delighted with the consummation of this very vigorous and very productive search.

Faculty Awards, UO

The Chancellor announced on behalf of the University of Oregon that four young faculty members from that institution had won the highly competitive Presidential Young Investigator Awards established by the National Science Foundation to recognize outstanding young scientists and to assist them in establishing their research programs in universities. The awards are made within five years after the recipients have received the Ph.D. degree. They consist of a base amount of $25,000 per year for
five years and an additional amount up to $37,500 per year for five years on a one-for-one matching basis with funds obtained from private industry. Thus, the total support for this award could reach $500,000 over the five-year period. Only fifty awards were given nationwide in science this year, plus an additional fifty in engineering.

The recipients at the University of Oregon were: In 1985, Dr. Vicki L. Chandler, Assistant Professor of Biology; Dr. Geraldine Richmond, Associate Professor of Chemistry; in 1986, Dr. Stephan Kevan, joining the staff this year from a staff position at Bell Laboratories in physics, and Dr. Judith Eisen, Assistant Professor of Biology.

President Olum said these were four very outstanding young people. In addition to this award, Dr. Richmond has been given a Sloan Fellowship, the finest fellowships for young scientists in the country. She brings research grants of about $200,000.

The Chancellor requested President Laster to report on the very generous gift to the Oregon Health Sciences University under the will of Mr. Howard Vollum.

President Laster said the will included a bequest that was to be managed by the Board of Overseers of the Health Sciences University in behalf of the new Institute of Advanced Biomedical Research. The bequest will constitute 20% of half of Mr. Vollum's estate and is expected to amount to $12-17 million.

President Laster said Mr. Vollum had had a long association with the Oregon Health Sciences University. He said Mr. and Mrs. Vollum had contributed generously in time and money for special projects over the past several years. Mr. Vollum was an invaluable source of advice, guidance, wisdom, faith, and excellence that was the hallmark of this man and his belief in the individual human being. President Laster said when the history of the institution was written, the name of Howard Vollum would be woven inextricably into the pattern of its achievements and its contributions to the betterment of humanity.

President Laster said this bequest unquestionably would establish the Institute for Advanced Biomedical Research as one of the foremost institutes of this kind in the world. It already enjoys the leadership of Dr. Herbert and the outstanding scientists which he has recruited. The Institute is a tribute to the partnership of the federal government, the private sector, and the State System of Higher Education. The opportunity is unprecedented, both for excellence in science and the encouragement of young people.
President Laster concluded by quoting a section from the letter received from Jean and Howard Vollum at the time the initial gift was provided for the Institute: "We believe it is extremely important for leaders in the state and federal governments to treat our contribution, and those of others that will follow, as supplements to the budget of the UOHSC and not as substitutes for public funds. In our opinion, the latter action would erode, and even obliterate, for years to come all willingness on the part of private individuals to participate in the support of the Health Sciences Center." President Laster said this would be true for all components of higher education.

Mr. Batiste expressed the Board's appreciation for this gift. He also thanked President Laster and his staff for the fine program prepared for the Board's visitation.

The Chancellor indicated that the Board wished to acknowledge the announcement by President Blumel of his resignation as president of Portland State University, effective December 31, 1986. The Chancellor said that, in accepting the resignation, the Board wished to recognize Dr. Blumel's twelve years of dedicated and productive leadership at Portland State University as its chief executive officer, his distinguished contributions and services to the City of Portland and the State of Oregon, and his commitment and adherence to the highest professional standards of academia.

The Chancellor also indicated the Board's pleasure that Dr. Blumel would be continuing his services to Portland State University as a Professor of Higher Education and Economics.

The Chancellor said an appropriate resolution would be presented at a later time, but he had been requested to make these comments now.

The Chancellor invited Mrs. Nelson to present the Board's resolution honoring Mrs. Harriett J. Flanagan. She read the following Certificate of Recognition:

CERTIFICATE OF RECOGNITION
HONORING
HARRIETT J. FLANAGAN

Faith, courage, intelligence, dignity, and grace -- those are qualities that are admirable in dedicated leaders, and Harriett J. Flanagan has them all.

Since her appointment to the State Board of Higher Education in 1981, and reappointment in 1983, Harriett's presence has added not only a quiet wisdom, but also a special sparkle to proceedings. From Board visitations to institutions to late-hour committee meetings, she was always there.
Her homework was always done. Her decisions were always thoughtful with a particular compassion for the welfare of students. Her leadership as chairman of the Board's Committee on Instruction, Research, and Public Service Programs resulted in timely decisions on a backlog of academic requests, eliminating unnecessary program duplication, and approval of carefully selected new targets.

She also has been one of the Board's best ambassadors to the Legislature, the Joint Board Committee on Teacher Education, and the Statewide Planning Commission on Nursing Education. As a member of the Executive Committee, she always was a strong champion of policies that enhanced the opportunities and achievement of faculty and students.

She has carried on the tradition of outstanding service typified by other women who have served on this Board, and, with them, has passed on a proud tradition for others to emulate. Up and through the last meeting she attended, she performed her multiple assignments on the Board with pride and spirit, refusing to pull back or quit. And in the months that followed, by telephone and personal contact, she monitored the Board's activities, gave freely of her advice and counsel, and used her influence to garner support for the institutions.

Harriett Flanagan has enriched the lives of all who know her, who have been touched by her influence, and who have been inspired by her dedication and courage. On this occasion, the Board again affirms what each member has said personally -- a heartfelt thanks for all that she is and all that she has done. Harriett, with best wishes to you and your family, accept our gratitude for this time you have shared with us.

The Board adopted the Certificate of Recognition as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Mr. Batiste reported that the Board had met in Executive Session the previous evening for the purpose of evaluating the Chancellor. He said that at the completion of the report and recommendations, the conclusion was that the Chancellor had done a superb job for the Board, for the State System, and for the citizens of Oregon. The purpose of the evaluation was to indicate areas of strength and areas of possible improvement.
Mr. Batiste then read the recommendations presented in the report:

1. That, as required under Paragraph 9 of the Chancellor's position description, he submit on or about December 31 of each year, an annual report in which he describes the principal activities of the Department of Higher Education during the fiscal year ending June 30;

2. That by June 30, 1986, the Chancellor evaluate his Vice Chancellors and submit an evaluation report to the president of the Board; and

3. That the Chancellor evaluate the Vice Chancellors on an annual basis and submit the results of this evaluation to the president of the Board.

The Board accepted the report and approved the recommendations, with the following voting in favor: Directors Adams, Altucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Mr. Batiste then requested Mr. Petersen to make a presentation.

Mr. Petersen said the Legislature, in its wisdom, established awards for teaching faculty and research. However, the members of the Board thought the Legislature was a bit remiss in not establishing awards for excellence in chancellorship, so they decided to establish their own. He then presented the Chancellor with a plaque inscribed with the following statement:

Dr. William E. (Bud) Davis, the State Board of Higher Education expresses its gratitude for your strong and tireless leadership since becoming Chancellor. With your guidance, the educational system in Oregon has been enriched. Higher standards, enhanced budgets, stream-lined academic programs, and increased research are your hallmark. The Governor, Legislature, and general public warmly embrace higher education. Your leadership shows. Oregon is richer because we have both you and Polly. Presented by the State Board of Higher Education, February 20, 1986.

The Chancellor said he was very grateful for this honor and for the results of the evaluation. He said the Board probably was unprecedented here, or any place else, for its personal involvement in legislative affairs, the State System, and in the many hours of commitment and hard work to be informed and deliberative about Board decisions. The Chancellor also said he had been very fortunate to serve with outstanding leadership from both parties and both houses in the Legislature. He stated that
probably no other governor in the country had done more for higher education in the last four years than Governor Victor Atiyeh had done or tried to do for the State of Oregon. He said the Governor has been out front leading the charge.

Staff Report to the Board

Mr. Lemman indicated that Mr. Ross Hall, Controller, and Mr. Duncan Fordyce, Vice President of The Common Fund, were present to comment on the performance of the Department of Higher Education's endowment funds which have been invested through the Oregon Investment Council with The Common Fund as the money manager.

Mr. Hall said the performance had been very good during 1985, as shown in the reports presented to the Board. Copies of the reports are on file in the Board's Office.

Mr. Fordyce said the equity portions of the endowment fund began at $13,194,000. The amount had appreciated to $17,236,960, for a total rate of return of 30.6% for the 12-month period. This reflected appreciation plus the compounding of the income reinvested. This percentage compared very favorably with several other broader market indices. Similar results have continued in January and February, and it is anticipated that further gains are in store.

Mr. Hensley said he assumed that The Common Fund had long-range established criteria for the basis of the selection of the investments made.

Mr. Fordyce said The Common Fund has been in existence since the summer of 1971 and is available only to institutions of higher learning for endowment investment purposes. The portfolio is characterized by very high quality securities and a very diversified nature of the securities. The Common Fund itself does not manage money but is a manager of money managers. The money managers are instructed by The Common Fund with respect to the quality of securities and occasionally may receive suggestions about the appropriateness of any specific investment. The actual purchase, sale, and timing decisions are made by the money managers.

Mr. Petersen asked how many of the 17 largest endowment funds had made a complete divestment of corporations doing business in South Africa and whether it had made a significant difference in their investments.

Mr. Fordyce said to the best of his knowledge, Columbia University was the only institution that had a strong stated policy that would be implemented with respect to divestment. He said The Common Fund followed the Sullivan or equivalent principles.
Mr. Petersen then asked whether investments in South Africa were considered prudent from either a fiduciary or investment standpoint in view of the political situation there.

Mr. Fordyce said that given the typical exposure of a United States corporation in South Africa, the impact of those corporate activities of any major corporation would be very minor. It is generally less than 2% of the capital assets, total sales, or profit of a United States corporation. From a fiduciary standpoint, there is some concern about the appropriateness of investment in South Africa. The moral issue is a concern which everyone should address individually, and there will be differing opinions.

Mr. Fordyce explained the fiduciary issue further by saying that in view of the very small portion of the assets of a major United States corporation which are located in South Africa, the removal of that presence, and the abandonment of those assets, would have a very minimal impact from an investment standpoint on the shares of that company.

Mr. Adams asked whether the number and types of investments would change as The Common Fund grows.

Mr. Fordyce said they would. The Common Fund has grown dramatically and the range of equity and bond holdings has been expanded significantly during the past two years. In addition, the number of investment managers employed to make investment decisions has expanded further. Part of the thrust is to maintain a broadly diversified list of securities and a very broadly diversified group of investment managers who have the ability to seek out opportunities in various market environments. The intent is to have several of the managers participating in a favorable fashion at any point in the market cycle. The result is that the combined performance from all of the managers is never as good as the best manager nor as poor as the worst manager.

There was a further brief discussion of the divestiture question with respect to actions of other institutions and the establishment of the South Africa-free pool of investment money.

Mr. Hall indicated that Mr. Fordyce had made a presentation to the Oregon Investment Council on the previous day and the members of the Council were very impressed with The Common Fund and its performance during the past few years.

Mr. Batiste thanked Mr. Hall and Mr. Fordyce for the presentation.
Application
To Transfer
Callahan
Center at
Wilsonville
to State
Board for
Use by OIT

February 21, 1986

Staff Report to the Committee

The Callahan Center, 29500 S. W. Grahams Ferry Road, Wilsonville, Oregon, is scheduled for closure by the Workers' Compensation Department on June 30, 1986. For some time, the Executive Department has sought alternative uses for the facilities, including the Department of Higher Education.

Oregon Institute of Technology staff have toured the facilities, and President Blake has advised Governor Atiyeh that the site and facilities appear to be highly suitable as a site for Oregon Institute of Technology's Metro Campus for training in the Portland metropolitan area. Its location, which places Portland State University and four Community College campuses within a radius of 30 miles, provides an excellent opportunity for coordinated programs with these institutions, and, further, facilities not required by Oregon Institute of Technology in the early years of occupancy could be used by Clackamas Community College for programs for the Wilsonville area. The majority of high-tech industries which have developed in the Washington and Clackamas county areas also fall within this 30-mile distance.

The OIT-Portland Center, currently headquartered on the campus of Portland State University, has enrolled 119 students for the current quarter, a doubling of the original enrollment of 59 students in September 1983.

In his report to the Governor, President Blake has indicated a first year cost of $1,000,000 to carry out minor renovations, to equip the facilities and to pay for operation and maintenance costs of the physical plant, estimated by the current occupants at $600,000 per year.

The source of the first-year funds for the period beginning July 1, 1986, or for the subsequent subsidy requirements, has not been identified. It is considered an essential requirement that the new funding not be taken from funds currently appropriated to the Board, nor as an exchange for other budget plans of the Board for future biennia.

Governor Atiyeh, in a letter to Chancellor Davis, has requested that Dr. Blake's proposal be brought to the attention of the Board for discussion at the earliest opportunity, and that the Governor be advised of those discussions.

Staff Recommendation to the Board

It was recommended that the Board endorse the proposal in concept, that President Blake be directed to prepare for the Chancellor a detailed academic and financial plan and that the Chancellor present the proposal to the Governor, noting the funding parameters described in the staff report.
Board Discussion and Action

President Blake said the short-range strategic plan for Oregon Institute of Technology's effort in the metropolitan area was not changed by the proposal before the Board. The plan would merely provide a site for the program. He reviewed the history and success of the Portland program to offer upper-division work for training bachelor of science degrees in engineering and business polytechnics. The first two years of work are provided by the four community colleges in the Portland area, and the upper-division work is taken through a dual enrollment at Portland State University for the general education courses and with Oregon Institute of Technology for the advanced technical specialties.

President Blake then explained the facilities now being used and the need for expansion to a more permanent location. Administrative and instructional programs would be moved to the Callahan Center, but courses still would be offered on demand in a variety of sites. He then reviewed enrollment and funding information included in the report.

Mr. Petersen said he was a little uncomfortable with the staff recommendation in that the Board would approve the request in concept but would not see it again. He proposed that the recommendation be modified so that the Board would endorse the proposal in concept and that President Blake would be directed to prepare for the Board a detailed academic and financial plan, as well as alternative plans, and that, if approved, the Chancellor would present the proposal to the Governor, noting the funding parameters described in the staff report.

In response to a question from Mr. Hensley, President Blake said this proposal would not reduce the program at Klamath Falls in any way.

Mr. Petersen said he wanted the Board to see the proposal again because the Board needed to be sensitive to the site issues and the long-range financial implications.

Miss Schwab said she was concerned with some of the variations reported in the cost estimates and also whether the Board would be acquiring something that was not needed immediately simply because it was available and inexpensive.

President Blake said a facility would be needed in two years but this large a facility would not be required. However, since this site would not require construction or payment for the building, it represents a real bargain when considered against the other alternatives. If this building were not available, it would be necessary to seek some other location for the daytime classes.
Mr. Lemman said it was his understanding the State of Oregon owns this facility and it would no longer be used by the current occupant. The Governor and others are seeking some activity that reasonably could use the facility. There was a brief discussion of the procedure and alternatives available to the state.

Mr. Post commented that it would be necessary for the state to maintain the facility and that it was in a very strategically-located geographic position for Oregon Institute of Technology with respect to the interrelationship with the community colleges in the area and the cooperative efforts between Portland State University and Oregon Institute of Technology.

There was further discussion of the anticipated growth in enrollment. In addition, President Blake said there had been informal requests for cooperative uses by other agencies of the space not required for the programs of Oregon Institute of Technology.

Ms. Deborah Lincoln, budget analyst for the Executive Department, said the Governor's Office was looking at all of the proposals for use of the Callahan Center.

The Chancellor said it was his understanding the Governor was asking the Board what program would be put in the facility if it were available, what it would cost to operate, and whether basically the Board endorsed the concept of investigating the matter further to the point of preparing the specifications. The proposal would be forwarded to the Governor and considered by the Governor as one of several options which might be under consideration without constituting a final commitment by the Board or a final expectation on the part of the state. The Chancellor said that in the beginning, a plant of this size was not needed, but the program conceivably could grow to fit the size of the plant. However, it is essential to identify funding so that other students would not be subsidizing this operation. The issue before the Board, he said, was whether to put the plan into some specific proposals, with the realization that the details would come back to the Board before anything was finalized.

President Blake said if money were available, the first phase of Oregon Institute of Technology's Metro Campus probably would be built in about three years and the second phase about five years later. This would probably be built at the Lintner Center at the Rock Creek campus.

Miss Schwab asked whether it would be worth taking the second choice location to achieve the monetary savings. President Blake said actually the Callahan Center might be the first choice now.
because it is centrally located for serving the industries the program assists and for cooperating with the community colleges. He said the Lintner Center really would be mislocated for Oregon Institute of Technology's program but, because of the cooperative endeavor with Portland Community College and the other agencies involved with that center, it might be possible to get the necessary funding.

Mr. Clark said he would prefer to view the project by looking back ten years from now when the Board might wish it had taken advantage of this opportunity. He said all the Board was considering was whether the proposal should be pursued further and he would favor investigating the possibilities.

Mr. Alltucker said he would like some other numbers on what the alternatives might be if the Callahan Center were not available. He said the Board would be committing itself to about $7,500 per year overhead cost per student. This figure would drop to $1,700 in ten years, if President Blake's estimates were correct. If this facility were not available, what would the comparable figures be for other alternatives. He commented that there was a real cost to shutting the facility down and maintaining it for some period of time. He suggested it might be possible to negotiate a little subsidy if the Board were to use the center and eliminate that cost.

Mr. Petersen moved that the Board endorse the proposal in concept, that President Blake be directed to prepare for the Board a detailed academic and financial plan and alternative site plans, and that, if approved, the Chancellor present the proposal to the Governor, noting the funding parameters described in the staff report.

Mr. Batiste inquired about time constraints, and Mr. Post said the building would be vacant by April 1 and the plan was to shut down the facility completely by June.

Mr. Batiste then asked President Blake whether he considered this the highest and best use for this building.

President Blake said he did. He indicated the decision had been hasty but had not been ill-conceived. The points mentioned were considered carefully, and other alternatives were explored. It has been determined the building can be remodelled into an educational institution, and the location is ideal. He said it is believed this would be the highest quality use for a high-quality facility.

In clarifying the intent of the motion, Mr. Petersen said he was asking that a feasibility plan be prepared for the Board which would include academic and financial information and alternative sites.
The Board approved the motion by Mr. Petersen, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

A Task Force on the Mission of Portland State University was appointed by the State Board of Higher Education to review the role and mission of Portland State University. The mission statement prepared by the Task Force and the report of the Task Force were presented to a meeting of the Board as a Committee of the Whole on February 20, 1986. The mission statement follows:

Portland State University is a university whose mission is to provide excellent programs of teaching, research, and public service in Oregon's major metropolitan area. It has developed rapidly by providing innovative programs and will soon gain designation as a Category I (doctorate granting) institution.

Currently, Portland State University's undergraduate programs support education in the liberal arts and sciences and professional studies. Graduate programs at the master's degree level are offered in the liberal arts and sciences in the professional fields of business administration, education, engineering, health and physical education, performing arts, public administration, urban planning, and social work. Doctoral degrees are offered in education, electrical and computer engineering, and the interdisciplinary fields of environmental science and resources, systems science, and urban studies. Institutes and centers on the Portland State campus conduct research and provide community service in such areas as problems of the aging, international trade and commerce, social welfare and human services, and demographic analysis.

Development of Portland State University will continue to be founded on the traditional disciplines of the liberal arts and sciences. The highest priority for Portland State University shall be excellent teaching at all levels. At the same time, faculty research is essential to keep teaching current, extend the boundaries of knowledge, and serve the economic, social, and cultural needs of the University's larger community. Extensive and growing public service to a diverse urban population will also be of high importance to the institution.
Portland State University must give special attention to the needs of its multicultural, minority, and nontraditional students. It should augment rigorous classroom and laboratory instruction with clinical instruction widely available in the Portland area through cooperative education, internships, field placements, and extended learning centers. It should also take advantage of the abundant professional and research resources in the Portland area for studying effective teaching.

Research will continue to grow in quality and quantity. Along with maintaining high standards for undergraduate teaching, faculty members will be expected to increase their research productivity. Research and scholarship must be important criteria for faculty selection, promotion, tenure, and salary advancement. It will be the responsibility of the University to assign priorities for advancing its overall excellence, particularly as new resources become available.

New research programs should be selected carefully to enhance the mission of Portland State University, to complement existing research strengths of other public universities in Oregon, and to take advantage of available resources and opportunities in the Portland metropolitan region. Market conditions and the need for doctorates in selected disciplines will affect the areas selected. Research programs tied to the community's focus on high-technology industry, business administration, international trade (especially with the Far East), urban and ethnic education, health systems and administration, public administration, and social services should be given priority consideration. Curricular flexibility and additional resources will be needed to respond to the changing needs for instruction and research in the Portland area.

As the major public university in the Portland metropolitan area, Portland State University will continue to be a leader in the economic, social, and cultural life of the community. It should continue to expand its close ties with local educational and cultural institutions, industry, labor organizations, and government agencies. The exchange of personnel with business and government should be encouraged, as should the offering of courses and services off-campus. Strong community service activities should be an integral part of Portland State University's instructional and research programs.
Discussion and Recommendation by the Committee

Mr. Batiste requested Mr. Loren Wyss, Chairman of the Task Force on the Mission of Portland State University and a former member of the Board of Higher Education, to present the report of the Task Force. The report appears below:

TASK FORCE ON THE MISSION OF PORTLAND STATE UNIVERSITY--Report to the Board of Higher Education
February 20, 1986

Introduction

On November 26, 1985, the president of the State Board of Higher Education appointed a special task force to review the role and mission of Portland State University. The task force was established, in part, to address a legislative budget note which directed the State Board of Higher Education "to plan for a change in the status of Portland State University from that of a comprehensive university to that of a comprehensive research university..." The task force was also established to advise the Board on actions it could take to improve the quality of higher education programs in the Portland metropolitan area. Specifically, the task force was asked to:

- review the existing educational programs at Portland State University, determine what changes are needed at Portland State University that should be reflected in the mission statement, and finally outline the steps the State Board should take to enable Portland State University to carry out its mission.

The task force was further asked to present its findings and proposed mission statement to the State Board at its meeting on February 21, 1986.

Process

During the past two and a half months, the task force met weekly in order to complete its assigned tasks. It reviewed the current mission statement of Portland State University and received testimony on the existing programs at the university. Leaders from the Portland community, Portland State University, and the Legislature presented their views on future directions and developments at PSU to the task force. Dr. E. K. Fretwell, president of the University of North Carolina, Charlotte, was invited to present his views on the role of a modern, urban university. Representatives of the University of Oregon and Oregon State University talked about the characteristics of a research university and opportunities for cooperation among the state's three comprehensive universities. On the basis of the
testimony received by the task force, a revised mission statement was prepared. This document was distributed to all Portland State University faculty and to interested people throughout the state. A public hearing was then held on February 4, 1986, at Portland State to receive comments on the draft. The task force's proposed mission statement for Portland State University has been carefully scrutinized. It presents the consensus view of task force members on the future direction of Portland State University.

Findings

The task force arrived at a number of conclusions about Portland State University during the course of its investigation.

1. The term "comprehensive research university" is not a useful term for describing any of Oregon's public universities. None of them is comprehensive in the sense of having the full range of doctoral and research programs. The University of Oregon has graduate and research programs in the arts and sciences and related professional fields. Oregon State University has programs in the sciences and land-grant fields. The Oregon Health Sciences University concentrates on programs in the health fields. Portland State University's programs emphasize the professional needs of the Portland metropolitan area. Together these four institutions comprise a comprehensive university for the State of Oregon.

2. University research activity results largely from faculty initiative. In fact the state, with the exception of the statewide public service programs such as cooperative extension, does not support research. Research grants and contracts are earned by faculty members in competition with other researchers across the country. Consequently, faculty in fields competing for research grants must be held to high standards of research productivity along with high standards for teaching and public service. Creating a successful research faculty takes many years and requires high standards for the selection, promotion, and pay of faculty involved in research. It also requires careful institutional use of limited resources to bring outstanding faculty together for research in areas where the institution has a competitive advantage.

3. Portland State University receives approximately the same state support as the University of Oregon and Oregon State University. In the State System's budget allocation system, the same salary levels and staffing ratios are used in establishing the base budgets for the three universities. At this time, the per student cost of instruction is slightly higher at Portland State University than at the University
of Oregon or Oregon State University. The teaching loads of faculty at Portland State are slightly higher than the University of Oregon but lower than Oregon State University. By a variety of standards, all three institutions are funded by the state as if there were no important differences in their teaching and research missions.

4. Historically, Portland State University's authority to offer programs serving the metropolitan area has conflicted with the Board's statutory responsibility to avoid unnecessary program duplication. Yet many additional needs and desires can be demonstrated in the state's major metropolitan area. The State Board has responded to these needs by allocating to Portland State University a wide range of baccalaureate and master's degree programs in the liberal arts and sciences and professional programs that serve the Portland area. It also has given Portland State five doctoral programs including the last two awarded by the Board - a doctoral program in electrical and computer engineering and a doctoral program in educational leadership.

5. Average faculty salaries are approximately the same at the three universities. This is not a typical pattern in most states in which the state's older research and land-grant institutions have higher faculty salaries than do newer institutions usually located in urban areas. It appears, therefore, that Portland State University salaries compare more favorably with other similar institutions than do faculty salaries at the University of Oregon and Oregon State University with institutions of similar mission.

Task Force Recommendations

Major changes are anticipated at Portland State University. This process can be eased by additional involvement, support, and encouragement by the Board of Higher Education. The task force recommends program development in stages, with the University identifying realistic short-term goals in light of the Board's ability to provide resources. As each successive goal is achieved, another should take its place, with the Board placing a high priority on supplying the required support to reach the objective. The task force recommends the following as appropriate contemporary actions:

1. that the State Board accept the task force's proposed mission statement for Portland State University to be coordinated with other parts of the Board's new six-year strategic plan.
2. that excellent teaching and basic liberal arts and sciences are the heart of any university and must be preserved so that Portland State University can respond to evolving economic and social needs.

3. that in order to enhance the development of Portland State University, the State Board continue to use the University of Oregon and Oregon State University as Portland State University's comparator group in allocating salary improvement funds.

4. that new graduate programs be added at Portland State University when a demonstrated need exists and resources become available.
   a. that the Board request funds to complete the expansion begun by the 1985 Legislature of the electrical and computer engineering program and the international studies and international business programs at Portland State University.
   b. that when these two programs are adequately staffed and competing successfully for students and research grants, new graduate and research programs be considered in the fields of business administration, urban and ethnic education, social welfare and human services, public administration, and possibly specialized fields of science and the performing arts.

Task Force Members

Loren Wyss, Chairman
Lloyd Anderson
Gene Chao
Jim Heath
Janet Nelson
Louis Perry
Larry Pierce
Matthew Prophet
Bernard Ross
Mildred Schwab

Mr. Wyss introduced the members of the Task Force. He commented that it might be the first instance in which a mission statement had been prepared by a group of lay people for a public university. He said this procedure required a considerable amount of forbearance from the institution and from Board members. He indicated that there had been no interference from the Board or the Board's staff and that the statement represented the opinions of the Task Force. Mr. Wyss said the Task Force was composed of an experienced, energetic, cooperative, and influential group of people and that the staffing had been excellent.
Mr. Wyss said the Portland State University community was interested, concerned, and a little worried about the direction the Task Force might take but was persistently supportive of the process. Some of the concerns were well-founded, and some resulted in changes.

Mr. Wyss then described the process followed to assure there would be an opportunity for adequate public comment. While there might be differences of opinion with respect to the conclusions, Mr. Wyss said there had been ample opportunity for testimony. He then read and commented briefly on the findings and the recommendations of the Task Force as presented in the report.

Mr. Batiste said that following the conclusion of the questions and discussion between the Board and the Task Force, there would be a short recess. An opportunity would be provided after the recess for comment from any persons who might not have been able to avail themselves of the previous opportunities to testify.

Mr. Petersen requested Mr. Wyss to clarify the use of the word "contemporary" with respect to Task Force Recommendation 3.

Mr. Wyss said the term contemporary used in the paragraph preceding the recommendations was intended to reflect the immediate concerns which were the most important actions for the Board to do now. The connotation varies with the different recommendations. Mr. Wyss said that with respect to salary improvement, the Board should continue to follow its present policy. He said the salary issue seemed to the Task Force to be a major red herring and that people had misunderstood how salaries had been developed. He said that in looking at the average salaries in the universities throughout the years, there have been very slight differences between the institutions. He said the salary policy is already in existence, so the Task Force is not asking for any change in that policy. The Task Force is proposing clarification so that the people who are affected by the salary policy would understand the fairness of the treatment.

Mr. Wyss said Recommendation 4 dealing with programs would anticipate that, as resources were available to the Board, the two most important areas for consideration were the electrical and computer engineering programs and the international studies and international business. However, it would be impossible to predict when changes would occur because it would depend on when the programs were staffed adequately and competing successfully for students and research grants.
Mr. Hensley said the current mission statement for Portland State University emphasized expansion of both regular and continuing education offerings to provide maximum opportunity for access. He said the only similar reference in the mission statement from the Task Force was the mention of extended learning centers. He asked if these were the same.

Dr. Bernard Ross, Dean of Graduate Studies at Portland State University, explained that most of the courses that might be offered could be offered through the regular curriculum. The academic program would not need to expand into the continuing education program because the courses can be brought to locations to serve the populations where they exist. Dr. Jim Heath, Interim Associate Vice President for Academic Affairs, commented that the distinction made at many campuses between traditional students and continuing education students did not apply at Portland State University because the student population is very mixed and there is a great percentage of the older population attending regular courses. At Portland State University, continuing education merges with the normal student body. He said the opportunity to offer courses away from the particular location of the institution would be more and more important to Portland State University in future years, not only in education, but also in engineering and business.

The Chancellor inquired whether urban and ethnic education mentioned in the last paragraph of the Task Force report was referring to public education and was basically the college of education programs plus those programs within the institution which pertained particularly to urban or ethnic courses.

Dean Ross said the City of Portland has a large cosmopolitan population which is viewed as an asset and a resource. Portland State University should serve that population to the fullest degree, not only as a service to that population, but as an enrichment to its own usual population of students. The intent was to request attention to urban and ethnic education. It could include English language assistance for various groups. It would not preclude the Black Studies program or similar courses.

Mr. Alltucker said the Board was in the closing weeks of preparation of the statements on the long-range strategic plan for the entire State System. The Task Force was activated because it was recognized that substantial changes in the mission statement for Portland State University would be needed prior to the completion of the long-range planning. As chairman of the long-range planning group, Mr. Alltucker expressed his personal gratitude to the members of the Task Force for completing its assignment so that it could be included. He said they had done a magnificent job of addressing some very difficult issues.
The Chancellor asked Mr. Lloyd Anderson, Executive Director of the Port of Portland, whether the statement would encompass the objectives specifically that would enhance the total community in terms of the projections or aspirations of Portland as a major port city.

Mr. Anderson said the statement on international trade, viewed as including also the enhancement of language and cultural programs, would be a very fairly flexible and broad-based strengthening of the activities of the institution. Persons involved in international trade overseas require more than a facility in the language, so the capacity of the institution to provide other kinds of course work is important.

Miss Schwab suggested that the first recommendation be modified to recommend that the Board accept the proposed mission statement for Portland State University to be coordinated with other parts of the Board's new six-year Strategic Plan.

Mr. Anderson said that would be satisfactory if the word "accept" carried a connotation of approval as opposed to just receiving the report. He said he would favor some indication that the Board agreed with the substance.

Miss Schwab said she would agree on the condition that the mission statement tied in with other things. She said she did not want to receive it; she wanted to accept it but not adopt it.

Mr. Petersen said he was very appreciative of the work done by the Task Force and that it would be foolhardy for the Board only to receive the report. He said that, to him, acceptance meant that in principle he believed the Task Force had done an excellent job and that he had no reason in reading the report and studying the proposed mission to object to it. He said he thought the Board was talking about fine-tuning the statement so that the vernacular and format would be the same for all of the institutions.

Mr. Batiste requested Miss Schwab to repeat her proposed changes to the first recommendation. She said she would change the word "adopt" to "accept," and in the second sentence would delete the words "as part" and insert "to be coordinated with other parts." She explained that her proposal was intended to include some of the language in the statement either in a general heading or in the statements for all of the similar institutions rather than just for one institution.
Mr. Anderson said a mission statement for an institution should be sufficiently comprehensive in its own right that when given to prospective faculty members or students, it would become a source of inspiration and drive for the faculty and a source of information about the institution.

Miss Schwab said she agreed. However, some of the statements would apply also to other institutions and those should be coordinated.

Mr. Anderson inquired about the procedure. He asked if his understanding was correct that the Board would accept the mission statement and at some point would adopt either the proposed mission statement, or some modified form of the statement, which would then become part of the State System's mission statements for each institution and also a major statement in general. Mr. Batiste said that was correct and that at some point a mission statement would be adopted formally by the Board.

Mr. Adams said the mission statement produced by the Task Force was an excellent guideline for the Board in preparing the other mission statements. He said the clarity was excellent and the Board appreciated the understandability of the material.

Mr. Batiste then thanked Mr. Wyss and the members of the Task Force for an excellent job. He requested that some of the testimony and documents received by the Task Force be provided to the Committee on Instruction which would be dealing with this matter. He then declared a recess. Following the recess he invited any additional comments. No additional testimony was presented.

Mr. Hensley commented that, as the Committee on Instruction reviewed the statement on the mission of Portland State University and considered recommendations relating to programs, there would be opportunities periodically for receiving testimony with respect to proposed program changes.

Discussion and Recommendation by the Committee

Mr. Hensley said that at the conclusion of the Committee of the Whole meeting the previous evening, he had been requested to provide an opportunity at the meeting of the Committee on Instruction for testimony from individuals who had been unable to comment during the previous opportunities for testimony. No one wished to comment.

Mr. Hensley and Dr. Pierce briefly summarized the discussion and recommendations of the Committee of the Whole and indicated minor corrections to the wording.
There was a brief discussion of proposals and funding received for Portland State University from the last Legislative Session and also of the findings of the engineering committee as they related to the mission statement and Task Force report.

The Committee was assured that there would be ample opportunity as the planning process continued for the institution and the Board to participate further and to incorporate any changes which might be appropriate.

The Committee recommended that the Board accept the Task Force's proposed mission statement for Portland State University and that it be forwarded to the Planning Committee for coordination with the other parts of the new six-year Strategic Plan for the State System.

Board Discussion and Action

Mr. Hensley said that an opportunity had been provided for any additional testimony at the meeting of the Committee on Instruction and no one had wished to comment.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

On April 26, 1985, the State Board of Higher Education approved a proposal to establish the Oregon Center for Advanced Technology Education (OCATE) and sent the Governor and the Legislature a request for funds to operate the Center.

The Legislature appropriated $1 million of lottery funds for OCATE. The Governor, by executive order, created the Commission on Technical Education to advise the State Board on the mission and operation of OCATE.

During the past six months, the Commission has met regularly. One of its major tasks has been the preparation of "A Statement of Mission and Strategic Objectives, OCATE." After numerous revisions, the Commission presented its report to the State Board at its meeting on January 17, 1986.

The Board accepted the Commission on Technical Education's report and referred it to the Committee on Instruction for review and a recommendation to the Board. Copies of the report were distributed to Board members at the last meeting. A copy of the OCATE mission statement was also included in the Board's minutes for the January 17, 1986, meeting.
Most of the members of the Committee on Instruction are familiar with the report, having served on the Board's special committee on OCATE that has been overseeing the development of OCATE. The Commission's summary of the OCATE mission reads as follows:

The Oregon Center for Advanced Technology Education (OCATE) will act as a facilitator, coordinator, and promoter of cooperative, world-class, graduate-level, advanced technology education. OCATE will bring together the best faculty from Oregon's public and private higher education institutions, leading industrial researchers, and out-of-state experts to provide state-of-the-art technological and business education to the advanced technology industries in Oregon.

Staff Recommendation to the Committee

It was recommended that the Committee on Instruction forward "A Statement of Mission and Strategic Objectives, OCATE" to the Board for its approval.

Discussion and Recommendation by the Committee

Mr. Hensley said the "Statement of Mission and Strategic Objectives, Oregon Center for Advanced Technology Education," had been presented at the January Board meeting and referred to the Committee on Instruction.

Mr. Roger Olsen, Director of OCATE, said the document contained the mission statement and the implementation plan. He indicated the concept behind the mission statement was to use the best resources available in the state from both the private and public higher education resources, from local industry, and from distinguished visiting researchers and faculty nationally and internationally.

Mr. Hensley asked Mr. Olsen how he viewed the mission statement of the center in relation to the Board's policy on duplication.

Mr. Olsen replied that any possible duplication would be minimized but many of the courses will be special topic classes which are not offered currently. In addition, to meeting the needs identified by industry, some of the coursework provided would count toward a degree at some of the institutions. In terms of duplication, it might be possible theoretically to reduce the number of classes offered because the courses would be offered at OCATE.
There was some discussion of the possibility for developing doctoral degree programs through the center. Dr. Pierce indicated that a student working toward a degree would have to be admitted to a program at one of the institutions. The terms of that degree would be dictated by the institution. The student might take some courses through OCATE and also pick up sequence or other courses at an institution, but OCATE would not be determining the degree program. In many instances, persons taking classes at the center will not be interested in a formal degree. They want particular classes or wish to keep current in their field.

Mr. Olsen indicated efforts were under way to develop an orderly progression of courses toward a degree. He then explained the Oregon Master of Business Administration program which offers a full sequence of courses toward the MBA for the students enrolled. The program is structured to allow maximum flexibility for persons who are employed full time.

Mr. Olsen described some of the courses being offered and plans under consideration. He also discussed the investigation into the potential for two-way, interactive, televideo system programs. In response to a question, Dr. T. K. Olson, Executive Director of the Oregon Educational Coordinating Commission, said the system would be consistent with recommendations of the Commission for increased cooperation through use of telecommunications for all of the segments. He said he would anticipate this would be part of the mission for both the Board of Higher Education and the community colleges.

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

Board Discussion and Action

Mr. Adams presented the report and recommendation of the Committee.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Mr. Petersen said the Finance Committee had considered the Search and Selection Process for Institution Presidents and had heard testimony from several faculty members from the various institutions, as well as from some of the presidents. At the conclusion of the discussion, the staff was requested to address six separate issues in a revised draft to be presented to the Committee in a conference telephone call to be made prior to the March Board meeting.
Mr. Petersen said the following issues were identified:

1. Composition of the Committee - Faculty members and presidents appeared to agree that an equal number of Board and faculty members was acceptable, perhaps three and three, with increased representation from the at-large community members and students. The intent would be to keep the committee membership no larger than 11.

2. The selection of the chair was to be left to the Chancellor, and this would be included in the policy.

3. A report from the presidents regarding confidentiality of the process was accepted. It stated that a local campus committee would have an opportunity to meet with the candidates, and they will be given the responsibility of deciding to what level and extent confidentiality will take place, being sensitive both to the needs of the campus and those of the candidates. This would be encompassed in the new draft policy.

4. The Board will seek a recommendation from the Chancellor in making decisions.

5. In the issue of the search coordinator, it was agreed that the search would be coordinated through the Vice Chancellor for Academic Affairs, but there would be an on-campus faculty member or executive secretary to handle the mechanics of the search.

6. Student involvement in the on-campus committee was considered and students will be included.

Mr. Petersen indicated that the Committee was not presenting any recommendations to the Board but there would be a conference telephone call meeting of the Committee to discuss a revised draft of the Search and Selection Process for Institution Presidents. The draft will be mailed to the Committee before the conference call.

1986-87 Operating Budget

Staff Report to the Committee

Education and General

The 1986-87 Operating Budget is based upon the 1985-1987 Biennial Budget as approved by the Legislature and guidelines adopted by the Board in approving the 1985-86 Operating Budget. (Refer to the June 21, 1985, Board Minutes for discussion.) The 1986-87 Annual Operating Budget totals $325,046,095 compared to $307,390,399 in 1985-86.

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The 1986-87 allocations are based on the following guidelines:

1. **Inflation adjustments to the base:**
   a. General Services and Supplies at 3%.
   b. Capital Outlay at 5.5%.
   c. Library Acquisitions at 10.0%.
   d. Energy related items at approximately 3%.

2. Facilities maintenance funds are allocated on a project basis by the Facilities Division. The facilities maintenance funds available in 1985-1987 total $6,885,000.

3. Instructional equipment dollars allocated in 1985-86 will remain in the base budget for 1986-87. The basis for the 1985-86 allocation was the BAS Equipment Model.

4. Classified and Management Service Salary increase dollars are allocated to each institution based on the number and type of positions recorded in the Executive Department Position Inventory Control System (PICS). For 1986-87 the allocation provides for a 3% across-the-board adjustment on July 1, 1986.

5. Unclassified Salary increase dollars are allocated based on the salary policy approved by the Board for 1985-1987 at its meeting on June 21, 1985.

In summary, the distribution of unclassified salary funds for 1986-87 are to implement the following salary increase plan:

<table>
<thead>
<tr>
<th>All Institutions (Including Statewide Public Services)</th>
<th>July 1, 1986</th>
<th>May 1, 1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Across-the-Board</td>
<td>3.00%</td>
<td>2.00%</td>
</tr>
<tr>
<td>Merit</td>
<td>2.25</td>
<td>1.25</td>
</tr>
<tr>
<td>Peer Group/Comparator Adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UO</td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td>OSU (Incl. Statewide Public Services)</td>
<td>2.50</td>
<td></td>
</tr>
<tr>
<td>PSU</td>
<td>1.50</td>
<td></td>
</tr>
<tr>
<td>WOSC</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>SOSC</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>EOSC</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>OIT</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>OHSU (Incl. Statewide Public Services)</td>
<td>2.00</td>
<td></td>
</tr>
<tr>
<td>CA</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>TR</td>
<td>1.00</td>
<td></td>
</tr>
</tbody>
</table>
6. The High Technology and Economic Development program for 1985-1987 provides funding for recurring programs totalling $2,300,000 to become available in 1986-87. The allocations are as follows:

<table>
<thead>
<tr>
<th>University of Oregon</th>
<th>General Fund 1986-87</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Materials, Optical and Computer Science</td>
<td>$ 455,210</td>
</tr>
<tr>
<td>2. Biotechnology</td>
<td>231,990</td>
</tr>
<tr>
<td>3. High Energy Physics</td>
<td>62,800</td>
</tr>
<tr>
<td></td>
<td>$ 750,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Oregon State University</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Upgrade and Expand Elec. Engineering</td>
<td>$ 703,000</td>
</tr>
<tr>
<td>2. Gene Research and Biotechnology</td>
<td>260,380</td>
</tr>
<tr>
<td>3. Agri-Business--OSU-EOSC</td>
<td>186,620</td>
</tr>
<tr>
<td></td>
<td>$1,150,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Portland State University</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Upgrade Engineering Program</td>
<td>$ 300,000</td>
</tr>
<tr>
<td>2. International Trade and Commerce</td>
<td>100,000</td>
</tr>
<tr>
<td></td>
<td>$ 400,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$2,300,000</td>
</tr>
</tbody>
</table>

7. Other Funds Revenue Distribution

For the Education and General Services portion of the budget, the Legislature establishes an Other Funds expenditure limitation. For 1985-1987 that expenditure limitation is $214,030,131.

The revenue types which comprise this Other Funds amount are varied. They consist of instruction fees (tuition), WICHE fees, application fees, library fines, indirect cost recoveries, music rental fees, chemistry supplies, and catalog sales, just to mention a few.

If enrollments in 1986-87 exceed forecasts in the same proportion as in 1985-86, the State System could overrealize its Other Funds income by approximately $3.5 to $4.0 million in 1985-1987. The expenditure of these additional funds will require an increase in the Other Funds expenditure limitation, which must be approved by the Emergency Board.
The revised expenditure plan for 1985-86 and the 1986-87 Budget presented for Board approval assume the application of a majority of the anticipated overrealized income. In addition, they also assume future Emergency Board approval of a request to increase the expenditure limitation.

The justification for approving a budget for 1986-87 that is beyond the authorized expenditure limitation is twofold:

a. The 1985-1987 legislatively-approved budget left unfunded several mandatory base budget programs requiring institutions to reallocate funds from other priority areas. The additional revenues will make it possible to fund these base budget programs.

b. It is important for institutions to be given the opportunity to plan and apply the additional funds in the initial budget so that programs and activities can be properly administered to meet the needs of students.

The Executive Department has been notified of our intent to approve a budget that is beyond the expenditure limitation and our desire to seek an increase in the limitation after Fall 1986 enrollments, and thus income, are known. However, we will follow the Executive Department's advice concerning the most appropriate time to seek such approval.

The application of these anticipated overrealized revenues makes it possible to finance the following base budget expenditures that were left unfunded:

a. New Building Operating and Maintenance

In the 1985-1987 Biennial Budget funds were requested to finance the operation and maintenance of facilities which came on line during 1984 and which will come on line during 1985-1987. The Legislature left unfunded a major portion of this request. Unfortunately, the operating costs are ongoing and the institutions had to reallocate resources from other priority areas to finance these facilities.

For 1985-86 the institutions have been provided $453,253 to meet these operation and maintenance costs and $508,595 is included in the budget allocations for 1986-87, thereby making it possible to return funding to programs which had been cut to finance operation and maintenance of facilities.
b. OSU/EOSC Agri-Business Program

The OSU/EOSC Agri-Business program was approved and implemented by the Board in 1984. Funds were sought to finance the program as part of the 1985-1987 Biennial Budget. However, during budget negotiations funds were inadvertently cut which were to have added two additional majors during 1985. In the final days of the Legislative Session, further cuts were made providing only $186,620 which was sufficient only for one year of funding for one major in 1986-87. Because the program was implemented in 1984, funds were reallocated in the initial 1985-86 budgets at OSU, EOSC, and Centralized Activities to finance the program in 1985-1987 with one rather than three majors.

For 1985-86, $189,383 was provided Oregon State University to finance the program. The budget allocation for 1986-87 contains an additional $127,729 to implement fully the program as approved by the Board, including the addition of two majors in 1986-87, thereby making it possible to restore budget reductions at Oregon State University, Eastern Oregon State College and Centralized Activities that would otherwise have been necessary to finance this program.

c. OIT-Portland Center

The OIT-Portland Center has been absorbed into the regular Education and General budget at Oregon Institute of Technology. The OIT-Portland Center students are included in the regular 3-term FTE enrollment.

The OIT-Portland Center budget for 1985-86 is approximately $242,000. The only funding recognition given Oregon Institute of Technology for absorbing the Portland Center into the Education and General budget has been a $45,000 BAS/Equity adjustment in 1985-86. The budget allocation for 1986-87 provides an additional $50,000 to fund this base budget program.

The Board directed the staff to identify funding in 1985-1987 to expand the Regional Service Institutes at Southern Oregon State College and Eastern Oregon State College. The budget allocations for 1986-87 implement this Board policy as approved on June 21, 1985. In summary, the funding policy was to increase the annual budget for the two institutes a total of $100,000 per year (approximately $50,000 per institute), and to devise an allocation system to equalize the budgets of the two Regional Service Institutes. The implementation of this Board policy will result in annual budgets in 1986-87 of approximately $164,000 per Institute.
The Board has adopted the policy of Corridor of Enrollment funding. This policy states that when an institution exceeds or falls below its Enrollment Corridor, funding will increase or decrease by approximately 30% of the cost of instruction (or resident undergraduate instruction fee) for the total FTE gain (or reduction) from its projected enrollment.

Portland State University, like other institutions, is funded at the midpoint of its Enrollment Corridor, or 8,370 3-term FTE students. The upper range of its Corridor is 8,720 3-term FTE, and its revised 1985-86 enrollment, based on Fall 1985 experience, is 8,931 3-term FTE. The projected 3-term FTE was 8,395. Thus, Portland State University has exceeded its Enrollment Corridor in 1985-86 and is entitled to receive additional funding for 536 FTE. The Portland State University budget for 1985-86 has been increased by $696,800 in recognition of this overrealized enrollment. If Portland State University exceeds its Enrollment Corridor in 1986-87 it will again be entitled to a similar budget adjustment.

A program designed to increase substantially the awareness of high school seniors and their parents of the quality and diversity of the State System's institutions and their programs has increased the costs in Centralized Activities. The favorable comments concerning this educational effort and the early indications of its success in student selection of Oregon institutions has led to the recommendation that funding for this program be continued in the Centralized Activities budget. The 1986-87 allocations reflect this recommendation.

In summary, the proposed allocation of expenditure authority to institutional budgets, reflecting additional revenues estimated for 1985-1987, is consistent with the BAS model in that each campus is to be financed for the facilities and programs which exist on that campus. In addition, proposed allocations implement previously adopted Board policies with respect to enrollment corridors and funding of regional research institutes. The application of these projected additional revenues to the institution budgets will require an increase in the Other Funds expenditure limitation for 1985-1987.

Staff Recommendation to the Committee

It was recommended that the Board adopt the 1986-87 Education and General Services allocation plan in accordance with the guidelines discussed in Items 1 through 7, above, and summarized in Table I of this agenda item. The staff also recommended that the Board approve the Statewide Public Service allocations summarized in Table II of the agenda item. The Statewide Public Service allocations conform to the Board's salary policy discussed in Items 4 and 5, above and the appropriations as approved by the Legislature for each statewide public service. Authority to seek increases in the Other Funds expenditure line is implicit in adopting the allocation plan.
### Table: Education and General Services 1986-87 Budget Allocation

<table>
<thead>
<tr>
<th>University of Oregon</th>
<th>Oregon State University</th>
<th>Portland State University</th>
<th>Western Oregon State College</th>
<th>Southern Oregon State College</th>
<th>Eastern Oregon State College</th>
<th>Oregon Institute of Technology</th>
<th>Oregon Health Sciences University</th>
<th>Teaching Research</th>
<th>Centralized Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,875,000</td>
<td>85,528,000</td>
<td>47,135,800</td>
<td>12,501,322</td>
<td>67,094,000</td>
<td>8,094,603</td>
<td>12,400,000</td>
<td>38,122,000</td>
<td>38,122,000</td>
<td>12,724,399</td>
<td>307,390,399</td>
</tr>
</tbody>
</table>

**1985-86 Base Budget**

**Adjustments in 1985-86:**

- Regional Services Institutes (Half Year)
- Corridors of Enrollment
- OSU/BESC Agri-Business
- OTT-Portland Center
- New Building Operation and Maintenance

<table>
<thead>
<tr>
<th>1985-86 Revised Base Budget</th>
<th>75,990,345</th>
<th>69,826,600</th>
</tr>
</thead>
</table>

**Adjustments for 1986-87:**

- Non-recurring:
  - Corridors of Enrollment* (696,800)
  - Centers of Excellence-Lottery (963,000)
  - Inflation (100,000)
  - New Building Operation and Maintenance (27,994)
- Regional Services Institutes (Full Year)

**1985-86 Allocation**

<table>
<thead>
<tr>
<th>University of Oregon</th>
<th>Oregon State University</th>
<th>Portland State University</th>
<th>Western Oregon State College</th>
<th>Southern Oregon State College</th>
<th>Eastern Oregon State College</th>
<th>Oregon Institute of Technology</th>
<th>Oregon Health Sciences University</th>
<th>Teaching Research</th>
<th>Centralized Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>75,990,345</td>
<td>85,786,291</td>
<td>47,135,800</td>
<td>12,501,322</td>
<td>67,094,000</td>
<td>8,094,603</td>
<td>12,400,000</td>
<td>38,122,000</td>
<td>38,122,000</td>
<td>12,724,399</td>
<td>308,831,610</td>
</tr>
</tbody>
</table>

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*The Corridor of Enrollment adjustment is made after Fall Term experience. After an institution is outside its Corridor two successive years, a new Corridor is established and the base budget is permanently adjusted for enrollment change.

**The OSU Centers of Excellence adjustment does not include the $186,620 provided for the second year of the Agri-Business program. The Agri-Business program has been displayed separately in this allocation worksheet.**

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*The 1985-86 proposed budget is $2,354,348 over limitation. If Portland State University again exceeds its Corridor of Enrollment and other institutions overestimate enrollment, it is possible the figure could grow to $4,000,000 plus.*
Table II
Statewide Public Services
1986-87 Budget Allocation

<table>
<thead>
<tr>
<th></th>
<th>Agricultural Experiment Station</th>
<th>Cooperative Extension Service</th>
<th>Forest Research Laboratory</th>
<th>University Hospital</th>
<th>Crippled Children's Division</th>
<th>Dental Clinics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86 Base Budget</td>
<td>18,351,557</td>
<td>16,110,647</td>
<td>3,877,823</td>
<td>105,732,514</td>
<td>8,912,283</td>
<td>1,491,072</td>
</tr>
<tr>
<td>Adjustments for 1986-87:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inflation</td>
<td>89,475</td>
<td>94,134</td>
<td>21,083</td>
<td>1,503,930</td>
<td>186,705</td>
<td>22,899</td>
</tr>
<tr>
<td>Shared Medical System</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crop Production Efficiency</td>
<td>220,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Horticulture</td>
<td>157,282</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guarding Dogs</td>
<td></td>
<td>(19,609)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pay Adjustment</td>
<td>959,375</td>
<td>863,540</td>
<td>194,010</td>
<td>2,073,919</td>
<td>205,527</td>
<td>36,405</td>
</tr>
<tr>
<td>1986-87 Allocation</td>
<td>19,777,689</td>
<td>17,048,712</td>
<td>4,092,916</td>
<td>107,092,147</td>
<td>9,304,515</td>
<td>1,550,376</td>
</tr>
<tr>
<td>General Fund</td>
<td>13,208,861</td>
<td>8,929,074</td>
<td>1,468,499</td>
<td>19,308,702</td>
<td>4,183,177</td>
<td>114,765</td>
</tr>
<tr>
<td>Other Fund</td>
<td>6,568,828</td>
<td>8,119,638</td>
<td>2,624,417</td>
<td>87,783,445</td>
<td>5,121,338</td>
<td>1,435,611</td>
</tr>
</tbody>
</table>
Discussion and Recommendation by the Committee

Mr. Quenzer said that when the 1985-86 budget was approved by the Board, it approved guidelines which also carried forward to 1986-87. He said he would comment only on the difference between the two budgets in presenting the staff report to the committee.

Mr. Quenzer indicated that the recommendation was for approval of a budget for the institutions that was beyond the authorized expenditure limitation under which the State System is now operating. The State System is experiencing a slight over-enrollment and, as a result, a slight overrealization of income. The recommendation would budget those dollars for 1985-86 so that the institutions could plan properly for the expenditure of those funds. This information has been presented to the Executive Department, and it will be supportive of the necessary request to the Emergency Board for an increase in that limitation, to be made probably in late fall or early winter.

Mr. Quenzer said the funds would be used to finance base budget expenditures which were left unfunded by the 1985 Legislature. He commented that the 1986-87 budget would finance the regional services institutes at Eastern and Southern Oregon State Colleges. The proposal from Western Oregon State College would be treated as a new program request and considered as part of the biennial budget proposals.

Miss Schwab asked how much more money would be spent than had been authorized and whether the expenditure would be contingent upon the Emergency Board approval.

Mr. Quenzer said the additional expenditure at this point would be approximately $2.3 million more than the present authorization, but this might perhaps be as much as $3.5 million. The institutions would be planning to spend the money, but if the Emergency Board did not approve the request, the budget would have to be reduced.

Mr. Quenzer indicated also that the institutions must actually overrealize the enrollment before the additional income is budgeted. The amount of the Emergency Board request for expenditure authorization will depend on the actual income in the fall of 1986.

The Committee recommended that the Board adopt the staff recommendation.
Board Discussion and Action

Mr. Batiste raised the question of when the salary policy for the institutions would be reexamined and was informed that the 1987-1989 salary budget issues would be coming to the Board in April for discussion.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Alttucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Committee

Planning has begun on the 1987-1989 Biennial Budget Request to be submitted to the Executive Department on September 1, 1986. The Chancellor has met with the presidents to identify and discuss budget issues for 1987-1989. An outcome of those discussions has led to the identification of budget request categories. A budget request category provides a mechanism to clarify each individual request item and indicates a major focus for 1987-1989.

The five major budget request categories and the issues they direct attention to are:

1. Completion of Lottery Funded Programs.

   The 1985 Legislature appropriated from lottery proceeds $3.5 million for equipment and remodeling, $2.5 million for endowed chairs, $1.0 million for Agricultural Experiment Station and $1.0 million for OCATE. Lottery revenues are currently estimated at approximately 55-60% of the approved appropriation level, or $4.0 million rather than $7.0 million. This will result in a substantial reduction in the lottery-funded programs for 1985-1987. It is proposed that we request continued lottery support in 1987-1989 to complete the funding of these programs.

   Permanent funding for OCATE will be sought from the General Fund.

2. Completion of Centers of Excellence in High Technology and Economic Development.

   The State System with the 1985-1987 budget request embarked on a program to improve and expand high technology education. The 1985-1987 budget contained a request for $9.5 million in the 1986-87 fiscal year for new and expanded programs. The Legislature appropriated $2.3 million for these programs. It is proposed that the Board seek funds

3. New Programs or Enhancements to Existing Programs.

This category will be limited to requests for new programs or major enhancements to existing programs. A major enhancement is defined as a new emphasis or direction in an existing program. The need for increased funding to meet present student demand or to increase funding for support costs is not considered an "enhancement" under this budget category. Some of the institution-specific requests of 1985-1987 may qualify for resubmission in this category for 1987-1989.

It is proposed that each institution be authorized to formulate a budget request approximating 2% of its biennial operating budget. The institutional budget quotas for 1987-1989 are proposed as follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Budget Quota</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>$3,000,000</td>
</tr>
<tr>
<td>Oregon State University (Including Statewide Public Services)</td>
<td>4,000,000</td>
</tr>
<tr>
<td>Portland State University</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>500,000</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>600,000</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>300,000</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>500,000</td>
</tr>
<tr>
<td>Oregon Health Science University (Including Statewide Public Services)</td>
<td>2,500,000</td>
</tr>
<tr>
<td></td>
<td>$13,400,000</td>
</tr>
</tbody>
</table>

4. Fund Shifts

This category will be limited primarily to those areas in which there is anticipation of major shortfalls in federal revenue. By and large this category will be limited to the statewide public services' activities at Oregon State University and Oregon Health Sciences University.

The purpose of this budget category will be to provide a mechanism to report to the Legislature the programmatic impact of a federal revenue shortfall on programs which have historically been funded jointly (state and federal).
5. Systemwide Requests.

Most budget needs experienced by State System institutions are common to each institution. Therefore, the Board in past budget requests has identified major improvements common to all institutions and referred to them as systemwide requests. This practice is again recommended for 1987-1989.

All but one of the systemwide request proposals for 1987-1989 is to complete or initiate funding of a program requested by the Board in 1985-1987. The BAS adjustment request is a new item. There will be detailed discussion of each systemwide request in future Board meetings. However, the following is a list of those items contemplated for 1987-1989:

a. Unclassified Salary Adjustment
b. Facilities Maintenance
c. Equipment Replacement
d. Library Automation (no funding provided in 1985-1987)
e. Instructional Computing (no funding provided in 1985-1987)
f. Research Support (no funding provided in 1985-1987)
g. BAS Adjustment

As indicated, the BAS adjustment is a new item under systemwide requests. The BAS adjustment request is to provide resources necessary to move an institution closer to full funding of the BAS Model. The BAS adjustment request may be 2-3% of an institution's budget. It would provide funding that is unspecific as to program or category of expense.

A final budget issue for 1987-1989 will revolve around the instruction fee policy (tuition). A detailed discussion of this issue will be presented to the Board in March. However, some of the policy issues concerning instruction fees for 1987-1989 can be listed as follows:

1. Do we wish to continue the policy of freezing instruction fees?

2. If a fee increase is deemed necessary what will be the basis for the increase? Cost of instruction, national or western states' averages, CPI inflation rates, Executive Department inflation factors?

3. Should reciprocity programs be expanded?

These 1987-1989 budget issues have been presented for Board review and discussion. No action is requested of the Board except to provide staff with input and direction as we begin formulating our 1987-1989 Biennial Budget request.
Discussion and Recommendation of the Committee

Mr. Lemman presented the staff report and indicated that the staff had hoped to have Committee discussion with respect to the issues presented. The concern was whether these were the things which the Committee would like to have the staff bring to it for consideration, were there things that should not be included or others that had been omitted, and did the budget categories represent the approximate order of magnitude acceptable to the Committee.

Mr. Lemman said the instruction fee or tuition policy represented an additional issue which could be addressed in several different ways.

Mr. Petersen said he would like to see alternatives. If the Committee and the Board decided on a particular budget level, what would it mean in terms of revenue.

Mr. Lemman said there were two alternatives. One would be to consider the tuition policy in light of the current Executive Department assumption that tuition and other non-state General Fund dollars would continue to support approximately the same proportion of the budget as is supported now. For example, if the State General Fund supports 65% of the budget and tuition and other revenue supports 35%, it would suggest that for every dollar increased in the expenditure side of the budget, it would be necessary to add 35¢ to the revenue side. It would then be possible to show the changes in the proportion of support if the tuition freeze were continued, which would require additional dollars from the General Fund; if tuition were increased in accordance with inflation levels; or if tuition were increased to correspond to actions in the western states or nationally. A fourth alternative would be to reduce the budget to one of the revenue levels.

In view of the limited time remaining to the Committee for discussion of the budget issues, Mr. Petersen requested the Committee members to communicate directly with Mr. Lemman if other issues occurred to them within the following week.

Mr. Crowell said he would like to see Items 3 and 5 without priority rankings.

Mr. Lemman said it would then be his understanding that the Committee had no additional comment other than the ones expressed with respect to tuition alternatives and non-ranking of priorities. The staff then would bring to the Committee recommendations that would include these major request categories.
Mr. Petersen said the main issue was maintaining access for Oregonians to the State System institutions. This has always been the Board's primary concern and would continue to be.

Mr. Batiste inquired about the expansion of reciprocity, and Mr. Lemman said the budget proposal would include expansion of reciprocity.

No other action was requested from the Committee.

Board Discussion

There was a brief review of the Committee discussion and Mr. Petersen requested Board members to communicate any suggestions or proposals to Mr. Lemman.

Exchange and Purchase of Land, PSU

Staff Report to the Committee

On October 26, 1979, the Board authorized the President and Secretary to execute a deed to the Automobile Club of Oregon to transfer title to Lots 3 and 4, Block 188, Portland Addition, in exchange for title to Lots 3 and 4, Block 203, Portland Addition, which is bounded by S.W. Broadway, Market, Park and Clay Streets. This action was taken to permit the Automobile Club of Oregon to extend its ownership to all of Block 188 for construction of an addition to its building. The University used the quarter-block which was acquired as surface parking for car pools.

At the time of Board action, President Blumel stated that "Given our unique location in the downtown Portland area, we have sought to be sensitive to the needs wherever it is possible to do so without impairing the operations of the University."

Now three-fourths of the properties comprising Block 203 have been assembled under a single ownership toward construction of private housing. In order to proceed, the developer, University Park, an Oregon Limited Partnership (John Beardsley, general partner), requires the quarter-block owned by the Board on behalf of the University.

After substantial negotiations, a solution has been found which would provide University Park with full ownership of Block 203, and would provide the University with land of equal or greater value on Block 153, which is bounded by S.W. 4th and 5th Avenues and S.W. Montgomery and Harrison Streets, which places it immediately east of the Portland Center for Advanced Technology.

The negotiated solution involves three parties: University Park; the State Board of Higher Education acting on behalf of Portland State University; and Mr. Ted Millar, owner of the majority of Block 153.
Under the plan, University Park would acquire the University's quarter-block for a value of $450,000. These funds, together with no more than an equal amount from the University, would be used to acquire 27,000 square feet of Block 153 from Mr. Millar. In addition, University Park would prepare the 27,000 square feet for use as interim surface parking for the University. In the end, University Park would assemble all of Block 203 for its proposed $9,000,000 development; and Portland State would acquire an additional 17,000 square feet for an out-of-pocket cost of approximately $400,000.

All of this transaction is premised on the City of Portland's granting a conditional use permit to use Block 153 for interim surface parking by the University. A hearing on the granting of this permit will be scheduled immediately subsequent to the approval of this transaction.

Earlier in this meeting, the Board considered planning assumptions for Portland State's master plan update. In those assumptions and subsequent planning objectives, the University will examine its land requirements for housing and other support activities in addition to its academic facilities needs. As the University develops, it appears that land within present boundaries identified for student housing would be better dedicated to sites for academic facilities and that student housing development occur at the periphery of the academic core. Thus, it is anticipated that the updated plan will recommend that future sites, such as that on Block 153, be acquired and used for student housing and automotive parking and that remaining land within present boundaries be reserved for academic and direct support facilities.

In order to finance the $400,000 required to consummate the exchange, the University proposes that $200,000 be taken from excess parking reserves and $200,000 be financed from Article XI-F(1) bond proceeds for student housing from funds remaining within the $500,000 appropriated by the 1985 Legislature for auxiliary enterprise land acquisition.

**Staff Recommendation to the Committee**

It was recommended that the Board authorize the President and Secretary to execute a deed for Lots 3 and 4, Block 203, Portland Addition, to University Park, in exchange for title to Lots 1, 2, 7 and 8, and the north 35 feet of Lots 3 and 6, Block 153, Portland Addition, subject to the following conditions:

1. University Park will pay $450,000, Portland State University will pay up to, but no more than, $400,000; and the present owner will pay the balance of funds necessary to remove the mortgage outstanding against the property owned by Ted Millar on Block 153;
2. University Park will provide improvements to make the land on Block 153 acceptable to City requirements and usable by Portland State University as surface parking;

3. Portland State University will be granted a conditional use permit to use the improved surface for automotive parking, until the land is developed for student housing uses.

Discussion and Recommendation by the Committee

Miss Schwab inquired whether a conditional use permit would be required in connection with this project and was advised that one would be required for the automotive parking project. She indicated that she would abstain from voting because of a possible conflict of interest in voting as a City Council member.

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

Board Discussion and Action

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, and Batiste. Those voting no: None. Miss Schwab abstained.

Staff Report to the Board

An update of the Development Plan for Portland State University was accepted by the Board on March 30, 1979, as a guide for the future physical development of the campus, fulfilling the Board's policy that master campus plans be developed and adopted for each institution. Subsequently, on March 27, 1980, a public hearing was held by a City of Portland hearings officer on a Conditional Use request by the University for the Development Plan. The Plan identifies the campus area as a special district, an important step in the City of Portland's satisfying Statewide Planning Goals for the Comprehensive State Land Use Plan. Within this special district, development outlined in the plan can proceed with streamlined formalities.

Updating of long-range development or master plans should be initiated every five or six years and whenever there are significant changes in campus land use. In the case of Portland State University, both criteria are present. The present plan was adopted six years ago at a time when the Portland Center for Advanced Technology was not envisioned. The Center is included in the presently-approved campus boundaries but not reflected on the Development Plan. The feasibility of a combination parking-housing facility, which differs somewhat from the present plan, is being explored.
Institutional officials have proposed updating the Development Plan based upon Planning Assumptions and Planning Objectives which are presented for your review and comment, including identification of particular concerns which should be addressed.

PLANNING ASSUMPTIONS

1. The planning and development of future campus facilities will be predicated on OSSHE enrollment projections and ceilings, and the facilities required to serve the State and region in the roles and mission identified by the Board.

2. The determination of campus boundaries will be based on the need to permit the housing and orderly development of programs in the future.

3. The Portland State University's Long-Range Plan will reflect Board approved space standards, facilities use objectives, and projection standards.

PLANNING OBJECTIVES

1. To assure the continuing development of Portland State University's educational, cultural, social, and recreational programs in supporting the roles and mission approved by the Board.

2. To insure that the future campus facilities will be functional, flexible and energy efficient.

3. To insure that future campus facilities provide an attractive and uncrowded environment by judicious use of landscaping, building scale, placement, and materials of construction.

4. To assure that facilities will accommodate projected enrollments, including research and service activities appropriate to and within the mission of the University.

5. To insure that approved campus boundaries are identified to meet current and future needs.

Recommendation to the Board

It was recommended that the Planning Assumptions and Planning Objectives prepared by the staff of Portland State University be approved as a basis for updating the Development Plan for the campus.
Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

Included in the 1981-1983 Capital Construction budget authorization was the project, Student Housing Expansion for Portland State University, with an expenditure limitation of $2,815,000, funds to be provided from the sale of Article XI-F(1) bonds.

Architectural work on the project was deferred because interest costs related to bonds in the 1981-1983 period were such that the project was only marginally feasible economically for the University. Recently, bond interest rates have declined below a targeted nine percent, at which feasibility occurred, and the University has undertaken design studies.

During the waiting period, the City of Portland reconsidered its downtown parking policies and, essentially, reaffirmed its limitation on on-street and off-street parking. However, the City continues to authorize parking for residential development beyond the overall lid.

Portland State University, with its off-street parking within the campus limited to slightly over 2,200 spaces, has typically had a portion of that inventory used by on-campus residential students, who compete for parking permits with all other students and require longer periods of automobile storage, which results in less diversity within the overall inventory.

With this increase in on-campus residential capacity, it was decided to integrate parking for tenants into the student housing expansion project.

The effect of the delay from 1981 until this time, and the addition of parking into the project, has increased the budget requirement for this project from the existing limitation of $2,815,000 to $5,615,000, of which $3,740,000 is allocable to student housing and $1,875,000 is allocable to parking.

The seven levels of housing will contain 98 one-bedroom apartment units of approximately 550 square feet each. The units will be rented as unfurnished units, heated electrically on individual meters.

The parking facility will contain 172 spaces on two levels, each accessed directly from street grade.
The facility, which will be concrete with a brick facade, will be fire sprinklered. It will be provided with elevator service.

The project is sited on three quarters of a block bounded by S.W. 11th and 12th Avenues and S.W. Mill and Montgomery Streets. The St. Helens student apartment building occupies the southwest quarter of the block. As a part of the project, the University has petitioned the City to vacate S.W. Mill Street between 11th and 12th Avenues and S.W. 11th Avenue between S.W. Market and Mill Streets.

The University, together with its housing management lessee, Portland Student Services, Inc., estimates that rental rates for the proposed units will be $303 per month, at the time of initial occupancy of the facility. Parking rates, currently $25 per month for an unreserved permit, will increase by $2 to $3 per month as a result of this project, as well as other investments which have been undertaken by the parking program recently. This rate is substantially below rates for comparable parking elsewhere in the downtown area.

**Summary:**

Project - PSU Student Housing Expansion  
Architect - Michael and Lakeman, Architects, AIA, Portland  
Board's priority - No. 13, 1981-1983 Auxiliary Enterprises  
Legislative authorization - $2,815,000 in 1981-1983

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<tr>
<td>Parking</td>
<td>62,183 gross square feet</td>
</tr>
</tbody>
</table>

98 1-BR units  
172 spaces

Tentative schedule:  
Begin construction - December, 1986  
Completion - September, 1987

Financing plan: Article XI-F(1) bond proceeds

| Student Housing | $3,740,000 |
| Parking         | $1,875,000 |

Total $5,615,000
Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge the acceptance of the schematic design of the proposed Student Housing Expansion project, including automotive parking, for Portland State University, and to instruct the project architects to proceed with design development and construction of the facility. It was further recommended that appropriate Board officials be authorized to seek the approval of the State Emergency Board for an increase in the expenditure limitation provided within Chapter 539, Oregon Laws 1981, from $2,815,000 to $5,615,000, and the authorization to expend.

Board Discussion and Action

The Board approved the staff recommendations as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

Officials at the Oregon Institute of Technology have submitted for approval the schematic design studies for the Classroom/Laboratory building authorized by the 1985 Legislature as part of the lottery-funded economic development capital construction package.

The facility will contain 47,600 gross square feet on two levels. It will be sited immediately south of Cornett Hall and west of Semon Hall. The facility will have a structured lower level -- a pad, in effect - because of soil conditions at the site. The building materials palette for the exterior will include a brick masonry veneer, with a wood window system and metal panel fascia.

Clearance of the site will require the demolition of a greenhouse and bleachers used at the adjacent recreation fields.

The building will contain 11 classrooms, a teaching auditorium seating 125 persons, and 14 laboratory rooms, as well as related offices and administrative spaces.

Summary

Project - OIT Classroom/Laboratory Building

Architect - SRG Partnership, Portland

Board's priority - No. 6, Education and General, 1985-87
Meeting #534
February 21, 1986

Legislative authorization - Chapter 832, Oregon Laws 1985

Estimated total project costs: $6,000,000
Estimated direct construction costs: $4,894,838
Estimated gross area - 47,600 gross square feet

Tentative schedule:
- Begin construction - August 1986
- Completion - December 1987

Financing plan:
- State Lottery Proceeds: $6,000,000

Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge acceptance of the schematic design for the Classroom/Laboratory Building for the Oregon Institute of Technology and to instruct the project architect to proceed with design development and construction of the facility.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

At its September 20, 1985, meeting, the Board accepted site and conceptual studies for the Science Building Additions and Alterations project for the University of Oregon. The project is funded from $33,300,000 construction and planning grants from the U.S. Department of Energy and from $12,000,000 of state Lottery Funds, authorized by the 1985 Legislature.

Schematic Designs are now complete for that portion of the project which will be federally-funded. Elements of this work include Science Buildings V and VI, an addition to the Science Library, and relocation facilities for the School of Architecture and Allied Arts and for the Museum of Natural History. These latter two elements are currently sited in facilities which must be removed to permit development of the overall project.

Design studies for Science Buildings IV-A and IV-B, which are lottery-funded, will be completed in a short while. The design work on the project, as well as the construction activity to follow, is being sequenced for a number of logistical reasons.
The Committee will recall that the basic concept of the total project is to in-fill the existing Science complex, creating an integrated complex, featuring several courtyards as well as a "science street" which will bisect the complex.

The largest element of the project will be Science Building V, which will house Physics and Physical Chemistry, the administrative portions of the Advanced Science and Technology program (ASTP) and the Institute of Theoretical Science (ITS). With a two-level classroom/lecture hall wing, the building will provide 119,533 gross square feet in five major levels, within a direct construction cost of approximately $13,289,000.

Science Building VI will house Geology in 46,631 gross square feet in four levels, at an approximate direct construction cost of $6,324,000.

The Science Library Addition provides a two-story pavilion over the existing subterranean library and an addition to the west at the lower level. This addition contains 5,776 gross square feet, and carries a direct construction cost just over $400,000.

The design of the new facilities is an attempt to blend the mix of architectural style of the existing facilities, some of which go back to the 1920's and others which occurred in the 1970's. The steel and concrete buildings will typically be faced with brick.

Contemplated in the initial studies, and funded through the federal grant, is the demolition of two existing facilities, together with their relocation costs. The School of Architecture and Allied Arts will vacate Emerald Hall, a temporary structure of World War II vintage. Relocation facilities for these programs will be constructed across Franklin Boulevard adjacent to other structures housing program elements of this school. The replacement facilities will consist of three elements, containing studios, instructional spaces, and limited administrative facilities. The buildings will be constructed of wood, as are other structures in this area, and will contain 10,126 gross square feet. An allowance of $500,000 for this relocation is contained within the federal construction grant, of which $412,700 is estimated to be required for direct construction. Inasmuch as demolition of Emerald Hall will be an early part of new construction, development of this relocation facility must be accomplished in the near term. Therefore, at this time the Board will be asked to authorize a request to the State Emergency Board for expenditure authorization on this portion.
The Museum of Natural History must be relocated to provide a site for Science Building VI. The site selected for the relocation of the Museum is near the University dormitory complexes at the corner of 15th and Columbia on what is presently a surface parking lot. The relocated Museum will contain 10,200 gross square feet, and carries a direct construction allowance at this time of $350,000, which will cover the costs of demolition of the existing museum and temporary relocation of the exhibit materials.

Summary

Project - UO Science Building Additions and Alterations

Architect - The Ratcliff Architects, Berkeley, CA

Board's priority - No. 29, Education and General

Legislative authorization - Chapter 640, Oregon Laws 1985

Estimated total project costs $33,300,000

Estimated direct construction costs

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<td>Museum Relocation</td>
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Estimated gross area -

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<td>Science VI</td>
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Tentative schedule:

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<td>Museum Add.</td>
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<td>September 1986</td>
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Financing plan:

Federal grant (USDOE) $33,300,000
Meeting #534
February 21, 1986

Staff Recommendation to the Board

It was recommended that the appropriate Board officials be authorized to acknowledge acceptance of the schematic design for the federally-funded Science Building Additions and Alterations and to instruct the project architect to proceed with design development and construction of the facilities. It was further recommended that appropriate Board officials be authorized to seek approval of the State Emergency Board at its March 13-14, 1986, meeting for expenditure authorization of $1,000,000 to permit the relocation of programs for the School of Architecture and Allied Arts and for the Museum of Natural History.

Board Discussion and Action

Mr. Crowell inquired about the temporary and permanent locations for the museum. It was indicated there would be some displays in existing science buildings and some storage of items until the facilities are completed which will ultimately house the museum collection.

Mr. Crowell also inquired about the parking spaces which would be eliminated by this project. Mr. Neland stated that he was unsure of the number of spaces eliminated but a parking structure was included in the University of Oregon's 1987-1989 capital construction request.

The Board approved the staff report as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Staff Report to the Board

In late December 1985, Oregon Health Sciences University was notified that it is the beneficiary under the will of the late Lydia Gerber of Lots 1 and 2, Block 2, Columbia Park, Columbia County, St. Helens, Oregon. Mrs. Gerber died in 1949. In her will, she left her son, John Sylvester Cox, a life estate in the St. Helens property. Mr. Cox died December 7, 1984. Prior and subsequent to Mr. Cox's death, the Department of Human Resources became involved in administering rental of the property while Mr. Cox was a welfare recipient and confined to a rest home.

Inasmuch as no deed was ever issued to the State of Oregon, Board of Higher Education, or Health Sciences University, the University has initiated action to perfect title by obtaining a certified copy of Lydia Gerber's will from the trial court in St. Helens and a certified copy of the death certificate for Mr. Cox. Title will be established by recording documents in the City of St. Helens' recorder's office.
A representative of the University who examined the property reported the house to be about 50 years old and not in good condition. The improved property consists of a frame dwelling containing approximately 800 square feet; with one bedroom, one bath, separate kitchen with eating area, and living room on one floor; and with an unfinished basement. There is no garage.

Since the house occupies only Lot 1, consideration was given to the possibility of selling only Lot 1 and the house, then selling Lot 2 separately. The idea was abandoned when it was learned that Lot 2 has a considerable drop in elevation from the frontage street, thus limiting suitability as a building site.

**Staff Recommendation to the Board**

Because the property is surplus and Board policy is to sell such property, the Board's staff recommended that the staff be directed by the Board to (1) obtain the necessary clearance from the Department of General Services to sell the property; (2) obtain at least one appraisal from a qualified appraiser; (3) advertise for bids in accordance with appropriate State statutes at a price which is not less than the appraised value; and (4) sell the property for cash or on contract, assuming an acceptable bid is received. A contract sale would require at least a 20% down payment and monthly payments over 20-30 years until paid off completely. The interest rate would be within 1%-2% of the rate being charged by private loan companies at the time of sale. If no acceptable bid is received and the Board's staff believes the appraisal is higher than the market justifies, the Board's staff also requests authorization to proceed to obtain a review of the appraisal and market with the original appraiser and, if warranted, obtain a second appraisal. Thereafter, the Board's staff would proceed again in accordance with steps (3) and (4) above. If a sale is consummated, the Board President and Secretary will execute a land sale contract or deed, as appropriate, which is prepared with the counsel and approval of the Assistant Attorney General.

**Board Discussion and Action**

The Board approved the staff report as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

**1985-1987 Accessi-bility for Handicapped, Various**

**Staff Report to the Board**

In its 1985-1987 Capital Construction Request, the Board sought $6,095,000 to complete the removal of barriers to accessibility for the handicapped at four of its institutions: Eastern Oregon,
Oregon State, University of Oregon and the Oregon Health Sciences University. These institutions had not committed all of the funds authorized by the 1979 Legislature as the third phase of addressing accessibility problems on the campuses, and the 1980 Special Session withdrew the uncommitted funds. Attempts in 1981 and 1983 to restore the lost resources were not successful.

The Governor included $1,600,000 of the requested $6,095,000 in his 1985-1987 budget proposal, anticipating $800,000 of General Funds and a matching $800,000 from Article XI-G bond proceeds. The Legislature declined to authorize the bonding and appropriated only the $800,000 of General Funds. This appropriation is included in Chapter 640, Oregon Laws 1985.

With the assistance of the institutions and the Board's Compliance Office, a distribution of the $800,000 was determined. The following table sets out the funds requested and the funds available for each of the four institutions:

<table>
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<tr>
<th>Institution</th>
<th>Funds Requested</th>
<th>Funds Available</th>
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<tr>
<td>Eastern Oregon State College</td>
<td>$830,000</td>
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<tr>
<td>Oregon State University</td>
<td>2,280,000</td>
<td>210,000</td>
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<tr>
<td>University of Oregon</td>
<td>1,950,000</td>
<td>300,000</td>
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<tr>
<td>Oregon Health Sciences University</td>
<td>1,035,000</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>$6,095,000</strong></td>
<td><strong>$800,000</strong></td>
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Allocations were based on identifying on each campus the barrier removal project which affected the greatest number of students or provided access to a specific program which was otherwise inaccessible.

For Eastern Oregon State College, the project identified was the provision of an elevator for Inlow Hall, which houses both administration and instruction, as well as performance facilities.

For Oregon State University, a collection of small improvements was identified, which includes restroom access, building ramps, doorway alterations, and similar problems.

For the University of Oregon, Allen Hall, which houses the Journalism School, was selected. The building presents problems both of access and vertical circulation. A method of installing an elevator to solve both problems has been found.

For the Oregon Health Sciences University, access to the Library has been a long-standing difficulty. An elevator solution for this problem has been identified.
These projects have now progressed through design to the point where it is appropriate to seek the approval of the State Emergency Board to release the $800,000 of General Funds for expenditure.

**Staff Recommendation to the Board**

It was recommended that the Committee accept the plan of distribution of the available funds for removal of barriers to accessibility and authorize the staff to seek approval of the State Emergency Board at its March 13-14, 1986, meeting of the release of $800,000 of General Funds, as authorized in Chapter 640, Oregon Laws 1985, for the construction of improvements for the removal of barriers to accessibility at Eastern Oregon State College ($170,000); Oregon State University ($210,000); University of Oregon ($300,000); and Oregon Health Sciences University ($120,000).

**Board Discussion and Action**

The Board approved the staff report as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

**Staff Report to the Board**

On July 19, 1985, the Board authorized the reservation of $50,000 of excess building fee sinking funds reserves to assist the Oregon Institute of Technology with completion of a utility tunnel connection between the residence hall and the student union. An equal amount is to come from excess reserves held for student housing.

Institute officials now report the project design is complete, and have requested release of the funds to permit construction.

**Staff Recommendation to the Board**

It was recommended that the Board authorize the Controller to transfer $50,000 from excess building fee sinking fund reserves into a capital expenditure account to permit construction of a connecting utility tunnel between the residence hall and the student union, and to transfer $50,000 from excess residence hall sinking fund reserves to a capital expenditure account for the same purpose.

**Board Discussion and Action**

The Board approved the staff report as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.
Staff Report to the Board

At the April 26, 1985, meeting, the Board instructed institutions to examine their appointment, promotion, tenure, and salary procedures to assure that they are free from discriminatory bias.

The Board's instructions directed the institutions to adopt written procedures which include, at minimum, the following specific requirements:

1. Vacancy announcements for academic positions shall contain a minimum salary and the tenure status of the position being offered.

2. The successful applicant shall be informed of factors to be considered in determining the hiring salary above the minimum.

3. The factors actually used in fixing the salary of a new employee shall be recorded and placed in the faculty member's file.

4. Each institution shall determine and publish the salary increase to accompany promotions in rank.

5. Each institution shall identify separately, and record in the faculty member's personnel record, administrative or other special stipends which are to continue only for the time during which the special circumstances occur.

6. Each institution shall advise faculty of factors to be considered in awarding merit increases.

7. Each component of a faculty member's salary adjustment shall be recorded and placed in the faculty members file.

8. Each institution shall adopt procedures to review salaries for equity at least every two years.

The institutions have completed their reviews and, where needed, revised their procedures to comply with the Board policy.

The institutional reviews revealed that the procedures related to hiring processes, salary increases, promotion, and tenure were in compliance with federal and state affirmative action requirements. Where the Board's directive required procedures to go beyond these requirements, the institutions have acted to implement the Board's directives. The areas in which some institutions found
it necessary to make changes were related to analyzing and communicating salary information, especially information related to the fixing of beginning salaries, and the publishing of minimum salaries in position announcements. In some cases policies and procedures were not reduced to writing. That condition has now been corrected.

Oregon Health Sciences University, the University of Oregon, and Oregon State University have requested that the Board review the policy requiring publication of minimum salaries in position announcements. There is concern that this practice puts the institutions at a disadvantage in competing for the more sought-after candidates. Although it is imperative that institutions abide by affirmative action requirements, it is important to maintain a competitive position in the market place with respect to attracting top candidates. Salaries at Oregon universities are low compared with most other comparable universities in the nation. It is not feasible to include in a publication advertisement the many compensating factors that exist in Oregon, such as low cost of living, mild climate, clean air and water, and easy access to scenic and recreation areas.

The following is an excerpt from a letter received from the University of Oregon's Executive Assistant to the President, Alison Baker:

"In going through this thorough analysis we were confronted by very serious objections to one aspect of the policy directives; that is, the requirement that a minimum salary be advertised. You should understand that the same objections were heard from all parts of the campus, no less from our women and minority staff members than from anyone else. We hold an almost uniform conviction that we will certainly fail to attract some first-rate applicants if we were to announce minimum salaries at the outset. (The University of Oregon is currently complying, though reluctantly, with the directive.) The salaries we are able to offer are simply not competitive, and those people we most want to attract might not apply at all if they knew what we are capable of offering. This is particularly true of minorities and women who often find themselves in great demand, able to command salaries above the general market. Our strategy has been (prior to this directive) to bring our top candidates to campus to show them the very special attractions of our state and our university before breaking the sad news about our salaries. Of course, we always inform candidates who ask about salaries what the range is and the minimum salary is set, in writing, before we undertake the search. Unfortunately, our experience is that quite often those who do inquire about salary either
withdraw from consideration or do not apply at all. We feel that it would be intolerable if a policy designed to assure fairness had the unintended effect of limiting the pool of applicants."

The alternative suggested by the Board's staff is that the minimum salary be included in the position description which is sent to applicants responding to a published search announcement. This procedure would allow the institution to include information that would assist the applicant in judging the relative market value of the minimum salary. The position description would also contain information describing the factors to be considered in determining a hiring salary above the minimum.

The presidents or their representatives will respond to any questions the Board may have regarding the review of policies and procedures or the proposed alternative to the minimum salary requirement.

Staff Recommendation to the Board

It was recommended that the Board acknowledge the completion of institutional reviews of appointment, promotion, tenure, and salary procedures and that the requirement for vacancy announcements to include minimum salaries for positions be modified as described above.

Board Discussion and Action

In presenting the report, Mr. Lemman said the three universities had requested the Board to reconsider the requirement that vacancy announcements for academic positions include the minimum salary and tenure status of the position being offered. The requirement seemed to be counter-productive to the intent to increase the number of women and minority applicants because the salaries are not high enough to attract good applicants, particularly where there is a high market value for minority applicants.

The Chancellor said he would prefer to eliminate the minimum salary statement entirely.

Dr. Richard Hill, Provost at the University of Oregon, said the matter of salary should be negotiated with the applicant after that person becomes the preferred applicant for the position.

Dr. Pierce said all of the academic vice presidents and deans had recommended that the requirement for the statement of the minimum salary be eliminated in the material sent to applicants because it would be counter-productive to the effect the Board intended.
Mr. Petersen moved that the Board accept the report and delete the reference to minimum salaries.

Dr. Bill Wilkins, Acting Vice President for Academic Affairs and Provost at Oregon State University, concurred in the statements and urged the Board to remove the requirement.

In clarifying the motion, it was stated the recommendation would then read: That the Board acknowledge the completion of institutional reviews of appointment, promotion, tenure, and salary procedures and that the requirement for vacancy announcements to include minimum salaries for positions be deleted. Approval of the motion would also require deletion of the words "a minimum salary and" from item one of the written procedures which the institutions were directed to adopt.

The Board approved the staff recommendation as amended by Mr. Petersen's motion, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Mr. Alltucker indicated the Board had received the short summary of planning activities that have taken place. He said there were two levels of planning. The first is the strategic or long-range planning that is a policy-setting operation which is properly the function of the Board. In conjunction with this, there are operational plans for the institutions that must fit into the strategic statement of policies. The strategic plan appropriately should contain comments about the Board's wishes on excellence, financial and geographical access, policy on plans within the institutions to support economic development, coordination of diverse programs and activities within and among the various campuses, accountability, and any limitation of resources.

Mr. Alltucker said the parameters used on the limitation of resources were the same as those being used by all of the other agencies working on the joint planning process and included in the overall plan submitted to the Legislature by Oregon Educational Coordinating Commission.

Mr. Alltucker said there was a difference between strategic longrange, policy-setting planning and institutional or administrative planning. The two should be kept separate. He said the process is set to fit the submission by the Coordinating Commission to the 1987 Legislature. He said if the plan is clear enough, sensible enough, and rational enough, a major effort on the part of Board should result in the necessary support from the State System campuses, the Legislature, the media, and the public. Mr. Alltucker said the Chancellor's Office would be coordinating the individual plans from the institutions into the overall plan which is being developed by the Board's planning committee. He then asked Dr. Pierce to comment on the time schedule.
Dr. Pierce said his office was working closely with the Board's planning committee and the Academic Council to coordinate the policy plan and the impact of that at the institutional level. He said it was anticipated the first part of the Strategic Plan would be brought to the Board at the March meeting. It deals with the overall policy issues as reflected in the mission of the State System and the mission statements for each of the institutions. At that point, the coordination of the Portland State University mission statement with the other mission statements could be addressed by the Board. At the April Board meeting, the Board would consider the entire draft of the policy plan and what would be sent forward to the Oregon Educational Coordinating Commission to comply with the deadline for submitting those materials.

Miss Schwab referred to her concerns with respect to the Portland State University mission statement in terms of certain things which she wanted tied to all of the universities. She asked whether the statements all would have similar wording now, and she was assured that they would.

Mr. Hensley asked whether it was intended to submit the plan to a public forum. Dr. Pierce said some public hearings would be held on various aspects of the plan between April and June.

Dr. Barbara Mitchell indicated the Commission would have public hearings at the June and July Commission meetings but had decided not to have regional forums around the state.

Mr. Batiste was assured that the Board would meet the deadline for submitting plans.

Mr. Alltucker explained that in using the term strategic planning, it was not to say the institutions do not set policy in their planning but it was rather that they set policy for their own institutions and not for the entire State System.

The Chancellor said Mr. Alltucker's terminology was beginning to clarify what had been a very complex and confusing issue, the distinction between policy planning and operational planning. The central office operational planning is the type of thing that puts policy in operation and consists of facilities planning, budget planning, and also the institutional plans.

The Board approved the planning schedule and the format for the Strategic Plan for the Oregon State System of Higher Education for 1987-1993 as distributed. The following voted in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.
Staff Board Report to the Board

The Joint Committee on Teacher Education meets several times during the year to review activities underway in each of the participating agencies and commissions as part of its function of coordination and communication on aspects of teacher and administrator education.

The report Toward Excellence in Oregon Education, Report #3 of the Joint Committee on Teacher Education to the Boards and Commissions outlines four priority areas for special consideration in the 1986 interim, summarizes progress made in implementing 1982 recommendations contained in Towards Excellence in Oregon Education, and summarizes common agreements and topics for further study based on reports completed through 1984. Four priority areas are highlighted; these are areas the Joint Committee believes should be addressed in a cooperative manner by the participating boards and agencies. A copy of the report is on file in the Board's Office.

Each Board and Commission is reviewing and taking action on the attached report. Once all Boards and Commissions have taken action on the report, the Joint Committee on Teacher Education will share the actions of the Boards with the Interim Legislative Committee on Education to provide input on what are common areas of agreement for further work in teacher education.

The Board of Higher Education has been asked to review and consider the recommendations contained in the report. Acceptance of the report does not preclude the State Board from offering its own recommendations for strengthening teacher education in its strategic plan. Nor does acceptance of the report obligate the State Board to support the estimated budget amounts indicated for various priority items.

Staff Recommendation to the Board

It was recommended that the Board of Higher Education accept the report from the Joint Committee on Teacher Education.

Discussion and Recommendation by the Committee

Dr. Holly Zanville, Assistant Vice Chancellor for Academic Affairs, presented the report of the Joint Committee on Teacher Education and indicated the four areas highlighted in the report as necessary to improve teacher education. They included the following: (1) a program of assistance to beginning teachers; (2) recruitment of top students into teaching, with scholarships or financial incentives as needed; (3) continuation of the development of the generic teacher supervision evaluation system to be used...
by teacher education institutions and school districts; and
(4) funding for research and development in teacher education.

The Committee then received information on some of the investiga­
tions and data in connection with the assistance to beginning
teachers. Some of the possible ways of assisting students were
described. The Committee also was advised of the progress
with respect to teacher evaluation proposals and the comments
on the potential success of some of these efforts.

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

Board Discussion and Action

Mrs. Nelson presented the report and recommendation from the
Committee. She reviewed the four recommendations presented
above. Acceptance of the report would not preclude the Board
from offering its own recommendations for strengthening teacher
education in its Strategic Plan, nor would acceptance of the
report obligate the Board to support the estimated budget
amount indicated for various priority items. She indicated that
other recommendations would be presented to the Committee and
the Board at subsequent meetings.

Mr. Batiste said he was concerned about approving various
items subject to conformity with the Strategic Plan when the
Board had not yet seen that plan.

It was indicated the present report was one of several reports
and there were other groups working on teacher education
which might develop additional reports. Mr. Hensley said the
Board's Instruction Committee was developing its own recommen­
dations related to teacher education.

Mrs. Nelson said the staff recommendation only called for the
Board to accept the report from the Joint Committee on Teacher
Education and was not conditional on anything. The recommenda­
tion essentially would indicate that the Board was in agreement
on the basic issues. The Board might add or build upon them,
but it was in agreement at this point.

The Board approved the Committee recommendation to accept the
report from the Joint Committee on Teacher Education. The
following voted in favor: Directors Adams, Alltucker, Clark,
Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste.
Those voting no: None.
Officials of Oregon Institute of Technology have forwarded to the Board's Office an option for the sale of the Jack and Jim O'Connor property on the north side of the Oregon Institute of Technology campus. The option price of $47,654 is equal to the average cost per acre as determined by two independent appraisals obtained by Oregon Institute of Technology. The property is located within projected campus boundaries outlined in the OIT Master Campus Plan accepted by the Board at the June 21, 1985, Board meeting.

The property is a rectangular-shaped parcel containing approximately 15.06 acres, located on the north side of the campus. The 15.06 acres are a portion of the undeveloped 35-acre parcel which was incorporated into the campus boundaries as part of the master campus plan update. The property is in an area designated for a combination of uses including parking, athletics, physical education, outdoor surveying laboratories and recreation.

It is the intent of OIT officials to acquire the remaining 20 acres should it become available as the property is needed to fulfill the land requirements outlined in the master campus plan.

Funds required for the purchase of the property would be provided from proceeds received earlier from the sale of the Wagner property, from parking excess sinking funds and from auxiliary enterprise bond borrowings issued under the provisions of Article XI-F(1) of the Oregon Constitution or other auxiliary enterprise balances at the institution. The expenditure would be charged against the total authorization of $500,000 for land acquisition within Chapter 640, Oregon Laws 1985.

It was recommended that the Office of Administration be authorized to purchase the Jack and Jim O'Connor property at the option price of $47,654.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.
Staff Report to the Board

Oregon State University's Building Names Committee has recommended, and President Byrne has endorsed, the renaming of the Chemical Engineering Building to Gleeson Hall, in recognition of the late Dean Emeritus George Walter Gleeson.

Dean Gleeson originally joined the Oregon State University Industrial Chemistry department faculty in 1929, following his graduation from Oregon State. He later took a Master of Science degree in Mechanics and Materials and earned a Ch.E. from Oregon State University in 1936. Following the organization of the State System of Higher Education, the Industrial Chemistry department became the Chemical Engineering department.

Professor Gleeson became department head in 1938 and added the joint appointment of Assistant Dean of Engineering in 1943. In 1945, he became Dean of Engineering, a position he held until his retirement in 1970. George Gleeson died January 5, 1986.

Under his leadership, the Department of Chemical Engineering was fully accredited in 1942, the first such department west of the Rocky Mountains to receive this recognition. Dean Gleeson's many other accomplishments included guiding the School of Engineering into a position of national prominence, both for instruction and research.

Oregon State University honored him in 1968 with the OSU Centennial Award. The Professional Engineers of Oregon named him Engineer of the Year in 1961, and the American Institute of Chemical Engineers made him a Fellow in 1976.

Staff Recommendation to the Board

It was recommended that the Board approve the change in name of the Chemical Engineering building at Oregon State University to Gleeson Hall, in honor and memory of George Walter Gleeson, Dean Emeritus.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.
To commemorate the long and distinguished service of Dr. Ralph Ruskin Huestis to the University of Oregon as teacher, researcher and head of the Biology Department, the University has proposed the renaming of Science Building III to Ralph Huestis Hall.

Dr. Huestis came to the University of Oregon in 1924, after service at the Scripps Institute as a graduate student. He had graduated from McGill University in 1914 with a Bachelor of Science in agriculture. After four years of military service in the veterinary corps of the Canadian Expeditionary Force, he enrolled at the University of California, taking his master's in 1920 and his doctorate in 1924.

He was then recruited to the biology faculty at the University of Oregon, and served there until his retirement in 1962 at age 70. He died in 1969.

Through his long tenure at the University, Dr. Huestis was regarded as an outstanding teacher and active, distinguished researcher of international note in genetics. He became head of the Biology department in 1952.

In 1982, former University President Robert D. Clark published a monograph on Huestis' career for the University of Oregon Foundation.

It was recommended that Science Building III at the University of Oregon be renamed Ralph Huestis Hall, in honor of Dr. Ralph Ruskin Huestis, distinguished teacher, researcher and administrator at the University from 1924 to 1962.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Ms. Sherry Oeser, Executive Director of the Oregon Student Lobby, said the organization had voted unanimously to designate March 3 to March 7 as Student Financial Aid Awareness Week. She requested the Board to make a similar designation and to convey its concern over the proposed cuts in federal financial aid to Oregon's Congressional delegation.
She said the 1987 budget proposed by President Reagan would cut over $3 billion from education programs and about $2 billion of that is student financial aid. There are other cuts and changes in the Pell grant programs and the Guaranteed Student Loan program which would be devastating if they were adopted.

Ms. Oeser said the Oregon Student Lobby was extremely concerned that access to higher education institutions be maintained and that there was a serious question whether students would be able to afford to attend State System or other institutions, if these proposals are adopted.

The Chancellor concurred in the request and indicated he would ask Mr. Wil Post and Mr. Wayne Kurlinski to work with the Oregon Student Lobby to coordinate efforts in this regard. He then recommended that the Board officially designate March 3-7 as Student Financial Aid Awareness Week for Higher Education in the State System.

The Board approved the recommendation, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, Schwab, and Batiste. Those voting no: None.

Mr. Petersen presented the report of the Nominating Committee to fill the vacant position on the Executive Committee which occurred with the resignation of Mrs. Flanagan from the Board. The nominating committee recommended that Mr. Hensley be elected to the position.

The Board elected Mr. Hensley as a member of the Executive Committee, with the following voting in favor: Directors Adams, Alltucker, Clark, Crowell, Hensley, Nelson, Petersen, and Batiste. Those voting no: None. Director Schwab was absent from the meeting at this time.

Mr. Hensley reported that the Instruction Committee also had reviewed the undergraduate education and curriculum planning process within the various institutions. He said there had been an opportunity to discuss informally with the various academic vice presidents their particular processes, and the Committee is learning how curriculum changes are developed within an institution.

Mrs. Nelson reported she had attended the Joint Committee on Teacher Education meeting on February 3. The agenda consisted primarily of a review of presentations from the State System schools of education as to their methods of supervising and evaluating the student teacher process.

Mr. Batiste announced that Mr. Louis B. Perry, a former member of the Board, had been nominated to complete Mrs. Flanagan's unexpired term on the Board. Mr. Perry is expected to be confirmed within the next few weeks.
Mr. Batiste thanked Dr. Pierce for his very fine work with the task force on the mission of Portland State University. He said the Board appreciated the time and quality of the effort expended with that Committee.

Mr. Hensley requested Mr. Batiste to express the Board's appreciation to the members of the Task Force.

Next Meeting Date
Mr. Batiste announced that the next meeting of the Board would be held on the campus of Oregon State University on March 21, 1986. Committee meetings will precede the Board meeting.

Annual Report of Gift, Grant, & Contract Income

Staff Report to the Board
Each year the Board's staff provides the Board with a two-year comparison report of gift, grant, and contract income by institution, as well as a two-year comparison report of corporate affiliate (foundation) income and expenditures. In preparation for the 1984-85 fiscal year, however, the staff asked the institutions to provide considerably more background information related to the affiliates' operations so that the staff and the Board could become more knowledgeable about corporate affiliate activities which support the respective institutions. That information is still under study. Rather than delay in order to provide the Board with a combined report, the staff decided to bring the gift, grant, and contract portion to the Board at this time.

Total income from gift, grant, and contract sources during 1984-85 amounted to $142,947,415. This represents a $606,204 decrease, or less than one-half of 1%, from 1983-84, as shown in Table I. Increases were reported in the areas of "General Institutional Support," consisting primarily of books, supplies, and equipment given to the institutions; "Maintenance and Operation of Physical Plant;" and "Sponsored Research." Decreases were reported in "Instruction and Department Research," "Extension and Public Service," "Academic Support," and "Student Services." "Student Services" consist of scholarships, fellowships, grants, loan funds, and work study programs.

The total gift, grant, and contract income usually reflects general, national economic conditions. For example, in 1983-84, general economic conditions showed significant improvement. The Department's total income for 1983-84 from gifts, grants, contracts increased approximately 26%. Some of the increase, however, was actually a reversal of the downward trend in such income during years 1980-1983. The slight decrease in 1984-85, therefore, would seem to indicate a stabilizing of the economy.
A breakdown of gift, grant, and contract income by institution follows:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Federal</th>
<th>Other</th>
<th>Total</th>
<th>% Increase or Decrease Over 1983-84</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>$33,812,214</td>
<td>$3,390,671</td>
<td>$37,202,885</td>
<td>26%</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>51,300,212</td>
<td>12,013,864</td>
<td>63,314,076</td>
<td>(10%)</td>
</tr>
<tr>
<td>Portland State University</td>
<td>7,416,406</td>
<td>1,959,506</td>
<td>9,375,912</td>
<td>--</td>
</tr>
<tr>
<td>Western Oregon State College</td>
<td>1,317,402</td>
<td>706,888</td>
<td>2,024,290</td>
<td>(24%)</td>
</tr>
<tr>
<td>Southern Oregon State College</td>
<td>2,886,586</td>
<td>609,998</td>
<td>3,496,584</td>
<td>7%</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>985,512</td>
<td>195,034</td>
<td>1,180,546</td>
<td>(42%)</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>1,969,113</td>
<td>645,365</td>
<td>2,614,478</td>
<td>9%</td>
</tr>
<tr>
<td>Oregon Health Sciences University</td>
<td>14,342,991</td>
<td>6,791,928</td>
<td>21,134,919</td>
<td>(4%)</td>
</tr>
<tr>
<td>Teaching Research</td>
<td>1,052,038</td>
<td>1,551,687</td>
<td>2,603,725</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$115,082,474</strong></td>
<td><strong>$27,864,941</strong></td>
<td><strong>$142,947,415</strong></td>
<td><strong>--%</strong></td>
</tr>
</tbody>
</table>

Board Discussion and Action

The Board accepted the report as presented.
Table I
Oregon Department of Higher Education
Two-Year Summary Comparison
Gifts, Grants, and Contracts Income
1983-84 and 1984-85
(July 1 Through June 30)

<table>
<thead>
<tr>
<th>Purpose of Income</th>
<th>Source of Income</th>
<th></th>
<th>Percentage Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Federal</td>
<td>Other</td>
<td>Total</td>
</tr>
<tr>
<td>Instruction and Department Research</td>
<td>$ 6,059,425</td>
<td>$ 3,458,988</td>
<td>$ 9,518,413</td>
</tr>
<tr>
<td>1983-84</td>
<td>$ 6,122,767</td>
<td>3,245,835</td>
<td>9,368,602</td>
</tr>
</tbody>
</table>
| Increase (or Decrease)                | $ 63,342         | (213,153)    | (149,811)                         | (2%)  
| Sponsored Research                    | $ 70,396,816     | $11,236,478  | $ 81,633,294                       |
| 1983-84                               | $ 73,492,086     | 11,566,314   | 85,058,400                         |
| Increase (or Decrease)                | $ 3,095,270      | 329,836      | 3,425,106                         | 4%    |
| Extension and Public Service          | $ 17,364,576     | $ 6,182,562  | $ 23,547,138                       |
| 1983-84                               | $ 12,658,246     | 7,844,389    | 20,502,635                         |
| Increase (or Decrease)                | (4,706,330)      | 1,661,827    | (3,044,503)                       | (13%) |
| Academic Support                      | $ 25,770         | $ 1,047,245  | $ 1,073,015                        |
| 1983-84                               | 292,740          | 585,077      | 877,817                           |
| Increase (or Decrease)                | 266,970          | (462,168)    | (195,198)                         | (18%) |
| Student Services                      | $ 23,679,369     | $ 2,860,959  | $ 26,540,328                       |
| 1983-84                               | 21,892,805       | 3,046,905    | 24,939,710                         |
| Increase (or Decrease)                | (1,786,564)      | (195,014)    | (1,600,618)                       | (6%)  |
| Maintenance and Operation of Physical Plant | $ 165,600      | $ 104,000    | $ 269,600                          |
| 1983-84                               | 403,200          | --           | 403,200                            |
| Increase (or Decrease)                | 200,000          | (104,000)    | 34%                               |
| General Institutional Support          | $ 154,318        | $ 786,313    | $ 940,631                          |
| 1983-84                               | 220,630          | 1,576,421    | 1,797,051                          |
| Increase (or Decrease)                | $ 66,312         | $ 790,108    | $ 856,420                          | 91%   |
| Grand Total                           | $117,877,074     | $25,676,545  | $143,553,619                       |
| 1983-84                               | 115,082,474      | 25,864,941   | 142,947,415                        |
| Increase (or Decrease)                | (2,794,600)      | 2,188,396    | (606,204)                         | --%   |

February 21, 1986
SUMMARY OF FACILITIES DIVISION ACTIVITIES, OFFICE OF ADMINISTRATION

Staff Report to the Board

A summary of activities within the Office of Administration's Facilities Division is presented below:

Contracts for Professional Consulting Services

Gazley, Plowman Architects and James L. Atkinson, Associated Architects, Portland, will provide necessary architectural services at a cost not to exceed 10% of the direct construction cost. Financing is not yet determined.

Mason Estimating Service, Inc., Portland, will provide the necessary consultant services of construction cost estimating at a cost not to exceed $3,240. Funding will be made available from the DOE Planning Grant.

John Pelliter, Landscape Consultant, Eugene, will provide the necessary consulting services for landscape design at a cost not to exceed $1,000. Financing will be through the Housing Account.

Plants and Associates, Surveyors, Eugene, will provide the necessary engineering services at a cost not to exceed $5,000. Financing is not yet determined.

Award of Construction Contract

On December 27, 1985, Cloyd R. Watt Construction Co., was awarded a contract for this project in the amount of $36,600. Financing is from funds available to the institution.

On December 30, 1985, Buckaroo-Thermoseal, Inc., was awarded a contract for this project in the amount of $38,046. Financing is through funds available to the institution.

On January 10, 1986, Pacific Crest Construction, Inc., was awarded a contract for this project in the amount of $77,250. Financing will be through Excess Building Fee Sinking Funds.
On January 10, 1986, Markman, Inc., was awarded a contract for this project in the amount of $16,960. Financing will be from funds available to the institution.

On January 31, 1986, Hyland & Sons, Inc., was awarded a contract for this project in the amount of $1,279,900. Financing will be provided from Auxiliary Enterprise balances and/or Article XI-F(1) Bonds.

The project is complete and was accepted on October 3, 1985, subject to completion of minor items. The estimated total project cost remains at $139,400. Financing was provided from Married Student Housing Excess Sinking Fund Reserves.

The project is complete and was accepted on December 20, 1985. The estimated total project cost remains at $29,040. Financing was provided by funds available to the institution and a grant from the U. S. Department of Energy.

The project is complete and was accepted on January 17, 1986. The estimated total project cost was $129,058. Financing was provided by funds available to the institution and reimbursement from Bonneville Power Administration.

The Board accepted the report as presented.

The Board meeting was adjourned at 3:35 p.m.