MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
SEPTEMBER 12, 1986

MINUTES APPROVED

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ADJOURNMENT

SUPPLEMENT A
Meeting #540  

STATE BOARD OF HIGHER EDUCATION  

MINUTES OF REGULAR MEETING HELD IN PACIFIC ROOM, COLLEGE CENTER, WESTERN OREGON STATE COLLEGE MONMOUTH, OREGON  

September 12, 1986  

A regular meeting of the State Board of Higher Education was held in the Pacific Room, College Center, Western Oregon State College, Monmouth, Oregon.  

ROLL CALL  

The meeting was called to order at 10:30 a.m., September 12, 1986, by the President of the Board, Mr. James C. Petersen, and on roll call the following answered present:  

Mr. John W. Alltucker  
Mr. Gene Chao  
Mr. Richard F. Hensley  
Mr. Michael W. Hermens  
Mrs. Janet S. Nelson  

Mr. Louis B. Perry  
Mr. George E. Richardson, Jr.  
Miss Mildred A. Schwab  
Mr. James C. Petersen  

Absent: Mr. Adams was out of the state, and Mr. Crowell was absent for personal 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; R. S. Perry, Associate Vice Chancellor, Administration and Planning Services; W. C. Neland, Associate Vice Chancellor, Facilities Division; Joe Sicotte, Associate Vice Chancellor, Personnel Administration; Holly Zanville, Associate Vice Chancellor, Academic Affairs; Virginia Boushey, Assistant to Executive Vice Chancellor; Bill Cannon, TIS Program Director; James Payne, Assistant in Student Services; Davis Quenzer, Associate Vice Chancellor, Fiscal Policies; Roger Olsen, Director, OCATE; Jerry Lidz, Assistant Attorney General; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Kay Juran, Assistant Vice Chancellor, Public Affairs; Jim Sellers, Director of Communications.  

Oregon State University--Bill Wilkins, Acting Vice President and Provost; R. O. McMahon, President, Faculty Senate; T. D. Parsons, Vice President, Finance and Administration; Stefan Bloomfield, Assistant to the President.  

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

Oregon Health Sciences University--President Leonard Laster; Peter Wollstein, Interim Vice President, Finance and Administration.
Portland State University--Margaret J. Dobson, Executive Vice President; Roger Edgington, Vice President, Finance and Administration.

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

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

Southern Oregon State College--President Natale Sicuro; Ronald Bolstad, Dean of Administration; Ernest E. Ettlich, Dean of Academic Affairs; Robert A. McCoy, Director, CIS; James E. McFarland, Associate Dean, Academic Affairs.

Western Oregon State College--President Richard Meyers; Bill Neifert, Dean of Administration; Bill Cowart, Provost; J. Morris Johnson, IFS Representative; James W. Gallagher, Professor; Paul Jensen, Curator.

Others--Sherry Oeser, Executive Director, Oregon Student Lobby; David Young, Program Review Administrator, Oregon Educational Coordinating Commission; Bill Carey, Vice President, Associated Students, Eastern Oregon State College.

The Board dispensed with the reading of the minutes of the last regular meeting held on July 18, 1986, and approved them as previously distributed. The following voted in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

The Chancellor indicated that fall enrollment throughout the State System looked very healthy with the admission of new students up about 10% for the System as a whole. He said this was a tremendous reversal of the enrollment projections in 1982-83 when it was anticipated there would be a continued decline in enrollment. It is also significant that the increases have occurred one year after the new admissions standards were applied throughout the System. He said that, in his opinion, these students were better prepared for college after completing a rigorous senior year in their respective high schools.

The Chancellor commented that Oregon high schools, with 47% of the students taking the College Boards, ranked second in the nation, only slightly behind New Hampshire in terms of the average scores on the College Boards.

He said the presidents and their respective staffs had done an excellent job of encouraging Oregon students to attend Oregon institutions.
At the request of the Chancellor, President Blake introduced Dr. Chris Eismann, the new dean of academic affairs at Oregon Institute of Technology. He indicated that Dr. Eismann had held a similar position at Southwest State University in Minnesota as dean of faculty and formerly had been dean of faculty at the College of Idaho.

The Chancellor recommended that the Board approve the appointment of Dr. Eismann.

The Board approved the appointment with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

The Chancellor introduced Mr. Jim Sellers, the new director of communications in the Chancellor's Office. Mr. Sellers came to the State System from the public affairs office of Governor Atiyeh.

At the request of President Byrne, the Chancellor recommended the appointment of Dr. William T. Slater as Vice President for University Relations at Oregon State University. Dr. Slater is presently at Eastern Washington University and previously had experience in this field at the University of Arizona.

The Board approved the appointment as presented, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

The Chancellor announced that the State System had received a grant of $79,000 from the Fund for the Improvement of Post-secondary Education. He requested Dr. Holly Zanville, Associate Vice Chancellor for Academic Affairs, to explain the nature and purpose of the grant.

Dr. Zanville said the Board previously had heard a presentation on the development of an instructional television station that would link the State System, Oregon Public Broadcasting, the community colleges, the independent institutions, and the industries in Oregon. The station would enable the institutions to share programs and provide programs to industry as well as to allow industry to send programs to the institutions. The project will address the programs from industry by providing for ten to fifteen programs on state-of-the-art topics that faculty in the State System institutions and community colleges have identified as needed. The programs will be transmitted over whatever existing technology is available or can be rented. For example, satellite time can be rented so that industry researchers can
develop short courses, workshops, or conferences and send them out over existing technology, thus trying the link that would go from industry to the institutions. The topics will be primarily in the area of engineering, computer science, sciences, and business.

Dr. Zanville indicated the Oregon Center for Advanced Technology Education would have a major role in preparing these programs over the next fifteen months. She said Mr. Roger Olsen, the Director of OCATE, would describe some of the important relations between industry and the institutions.

Mr. Olsen said the project would complete the loop of information between the institutions and industry. The first loop has been in operation for the last nine months providing knowledge and information from education to industry. This second loop will complete that partnership by transmitting information from industry to higher education. That sharing keeps both competitive and allows both to recruit people who want to stay current. It allows the institutions to keep students current with the latest available technology.

He said a variety of techniques and delivery systems will be used and evaluated to determine which ones are best for the various topics. The use of this technology makes it possible to disseminate information that has been primarily available in the Willamette Valley to communities and schools outside that area.

Dr. Zanville commented that an unusual feature of the project was the stipulation involving graduate students with industry research so that they would have an opportunity to discuss research in their areas and also the topics being covered in the programs.

The Chancellor announced that the Medford/Jackson County Chamber of Commerce had presented Mr. Hensley with its First Citizen Award. He said it was an honor well deserved and congratulated Mr. Hensley on the award. The Chancellor noted that Mr. Alltucker, Mr. Petersen, and Mr. Perry previously had received similar awards from their respective communities.

The Chancellor also commented that Mr. Hensley and Mrs. Nelson were each new grandparents.
The Chancellor said a resolution had been prepared in connection with Ballot Measure 5 which would legalize growing and possession of marijuana. The proposed resolution appears below:

RESOLUTION
Ballot Measure 5

Oregon voters will be asked in November to approve Ballot Measure 5, which would make it legal for anyone aged 18 or older to grow and to possess the drug marijuana. This measure should be of special concern to educators and to educational policymakers.

Among the reasons is that passage of Measure 5 would send a message to our youth that marijuana is a benign substance when instead it has been shown to have adverse effects on memory, logical thought, motivation, practice time to learn new skills, and the incentive to learn.

Approval of Measure 5 also would make marijuana increasingly available in our public schools, colleges, and universities; marijuana use has been shown to lead to absenteeism, low school achievement, poor academic performance, delinquency and lack of self-esteem.

Therefore, the Oregon State Board of Higher Education strongly urges Oregon citizens to study this issue, to consider the cruel effects of further legalization of this harmful drug, and to join us in voting "no" on Ballot Measure 5.

Miss Schwab said she was in favor of the resolution but was concerned about whether the Board could spend any funds even for the preparation of a few copies of the resolution for Board consideration.

Mr. Lidz indicated that this had been discussed with staff in the office of the justice department, including the special counsel to the attorney general, prior to the preparation of the resolution. The conclusion was that the Board could not expend state funds in more than an incidental way to promote passage or to oppose passage of the resolution. It is within the law for the Board to express its opinion, but it would not be appropriate for the Board to budget an amount for defeat of the measure. The copies prepared for consideration by the Board would be considered incidental.

The Board adopted the above resolution, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.
Meeting #540

September 12, 1986

Presidential Search, SOSC

The Chancellor reported that a committee had been formed to assist the Board in selecting a president for Southern Oregon State College. Mr. Hensley will serve as chairman, and Mr. Adams and Mrs. Nelson will be the other members from the Board. The other members of the committee are: From Southern Oregon State College—Mr. Phil Campbell, Director of Housing and Food Service; Dr. Claude Curran, Director of the School of Social Science; Mr. Scott Curtis, Student Body President; Dr. Sally Jones, Associate Professor of Physical Education; Dr. Darlene Southworth, Associate Professor of Biology; community representative—Dr. James Mullaney, President of Rogue Valley Physicians' Services; and Ms. Barbara Barrie, Affirmative Action Consultant on the committee. The Chancellor said he would work as a consultant with the committee, and Mr. Petersen would be an ex officio, non-voting member. Dr. Pierce would serve as liaison to the committee, and Dr. Gary Prickett from Southern Oregon State College would be the search coordinator.

In response to a question, Mr. Hensley said February was the target date for the approval of the nomination. Organizational meetings will be held shortly and the advertisement of the position made.

Legislative Briefings

The Chancellor said meetings had been held or were scheduled with the incumbents and challengers from both parties for positions in the Legislature. The presentations have followed the Board's recommendations to the Governor for funding of the general budget and the capital outlay projects. He reported that the response had been good at the meetings held so far.

Other Meetings

The Chancellor said the plans for the conference for new administrators were proceeding and the agenda would be available for the Board shortly.

The plans and agenda for the November Board retreat will be completed shortly.

Request for Authorization To Establish UO Extension ROTC Program, SOSC

Staff Report to the Committee

Southern Oregon State College has requested authorization to establish an Army Reserve Officer Training Corps (ROTC) program on campus as an extension of the University of Oregon ROTC program.

Under this arrangement, the University of Oregon ROTC unit will be responsible for assigning qualified instructors to the Southern Oregon State College campus, providing course materials and training aids, and performing necessary administrative functions. Southern Oregon State College will need to establish a Department of Military Science within the School of Health and Physical Education to administer the program.
Southern Oregon State College will provide classroom space for the courses taught on the campus and office space for the military personnel involved in the program. Southern Oregon State College will give academic credit, provide secretarial, janitorial, and related support services for the program and assist in providing information concerning the program to interested students.

The ROTC program will consist of a two year, lower-division program, open to all students, and a two year, upper-division program which will be open to students who complete the prerequisites for the upper-division course sequences. Students will need to meet the same requirements, be eligible for the same scholarship options, and will have the same obligations as those participating in the University of Oregon ROTC program.

Southern Oregon State College will grant a maximum of 24 hours of academic elective credit in the student's degree program. ROTC participants will be expected to complete the same degree and general education requirements required of non-ROTC students. Successful completion of the upper-division program and baccalaureate degree requirements qualify a student for a commission in the U.S. Army.

Southern Oregon State College students participating in the ROTC program will be eligible for two, three, and four year scholarships which are awarded on a competitive basis. The four-year scholarship is awarded to students who enter college as freshmen. The two and three year scholarships are awarded to students who are already enrolled in college depending on their class level.

Each scholarship pays for the student's tuition and required fees and provides a specified amount each term for textbooks, lab supplies, and equipment. The scholarships also include a subsistence allowance of $100 per month, up to $1,000 per year for each year it is in effect.

Students who receive a scholarship are required to attain an undergraduate degree in the field in which the scholarship was awarded. The scholarship students must attend and successfully complete the six-week training camp during the summer between their junior and senior year in college. Before they can enter the upper-division program, students must sign a contract which obligates them to military service.

All scholarship students are required to serve in the military for a period of eight years. The length of service obligation will depend on the length of the scholarship, the personal preference of the student, and the needs of the Army. It may be fulfilled by serving two to four years on active duty followed
by service in the Army National Guard (ARNG) or the United States Army Reserve (USAR) or by serving eight years in the ARNG or USAR preceded by a three to six month tour of active duty.

Four-year scholarship recipients receiving extended scholarship benefits, i.e., five years of scholarship assistance, will incur a five-year active duty obligation as opposed to two to four years. Non-scholarship Southern Oregon State College students enrolled in the lower-division courses do not incur any Army service obligation.

**Resources to Offer the Program**

Initially the program will be staffed with ROTC faculty from the Oregon Institute of Technology extension of the University of Oregon ROTC program. No new faculty will be required. With the exception of a .25 FTE clerical position and anticipated supplies and services expenses of $500 each year to support the program, Southern Oregon State College expects to offer the program utilizing existing resources.

**Staff Recommendation to the Committee**

The Board's staff recommended that the Board authorize Southern Oregon State College to offer an Army ROTC program, effective Fall term 1986-87.

**Discussion and Recommendation by the Committee**

At the request of Vice Chancellor Pierce, Dr. James Payne reviewed the staff report. He indicated the proposed program had been presented to the faculty and students at Southern Oregon State College and had received their support. He explained the contingency with respect to the military's acceptance of the proposal as a continuing program. Major Peacock, head of the program at the University of Oregon, said the military has a basic requirement that at least fifteen students each year be graduated who could be commissioned as officers. As long as this requirement was met, the support of the program would be continued. If fifteen students were not able to graduate each year, the Army probably would want to withdraw its support after a period of time. There is sufficient interest in the program in the Medford and southern Oregon area that it is not expected to be difficult to get enough students involved who would be qualified to become commissioned officers.

Dr. Ettlich commented that the Medford-Ashland area had one of the largest contingents of Reserve and National Guard personnel. Many students are involved in those units and are looking for a way to move from the enlisted to the officer ranks.
In response to a question, Dr. Ettlich agreed the road conditions in winter were a real issue and it was anticipated the faculty would spend several days at a time in Ashland rather than making a daily trip. There is an all-weather road from Klamath Falls to Medford.

Mr. Perry mentioned there had been some objections from a student concerning the program. Dr. Ettlich said there was a small but influential peace movement which had been responsible for a very active and pointed discussion of whether there should be military science on campus. Following this discussion, the campus voted, and a substantial majority felt that the program should be present.

In response to questions concerning academic rank, Dr. Ettlich said the individuals would be reviewed in terms of academic preparation and would be either instructors or assistant professors.

Mr. Petersen said he supported this program because he believed the argument for a citizen military was a very strong one. He said he would not anticipate any problem with enrollment.

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

Board Discussion and Action

Mr. Perry presented the staff report and Committee recommendation. He said he personally favored the civilian program of military service because it puts the military firmly in control of the civilian population.

The Board approved the Committee recommendation, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Staff Report to the Committee

The Board's Office of Academic Affairs is forwarding a request from Portland State University for the consideration of the Committee on Instruction, Research, and Public Service Programs and the Board. Portland State University requests authorization to rename its School of Performing Arts to the School of Fine and Performing Arts. The renaming will enable the institution to reflect a reorganization which has occurred as a result of the relocating of the Department of Art in the School of Performing Arts.
Policy and procedures adopted by the Board at its November 25, 1975, meeting and amended at the March 15, 1985, meeting of the Board, authorized institutions of the State System to establish or rename a school, college, department, division, center, institute, and similar agencies when prior approval had been granted by the Board. Portland State University's presentation of the request was entitled, "Request To Rename the School of Performing Arts to the School of Fine and Performing Arts." A copy is on file in the Board's Office.

Staff Recommendation to the Committee

It was recommended that the Board authorize Portland State University to rename its School of Performing Arts to the School of Fine and Performing Arts, effective Fall term 1986-87.

Discussion and Recommendation by the Committee

In response to questions following the description of the request, Dr. Margaret Dobson stated that the change would formalize another piece of the plan for reorganization that has been occurring over the past several years. It will be a more effective unit in terms of its size and the related functions of the various disciplines of theatre, music, dance, and art. She stated that a citizens' group, as well as the faculty, had said the new unit would attract a much broader pool and higher level of interest because it would be broader in scope with both the visual and performing arts.

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

Board Discussion and Action

Mr. Hermens reviewed the staff report and moved approval of the Committee recommendation.

The Board approved the Committee recommendation, with the following voting in favor: Directors Alttucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Staff Report to the Committee

The Board's Office of Academic Affairs is forwarding a request from the University of Oregon for the consideration of the Committee on Instruction, Research, and Public Service Programs and the Board. The University of Oregon requests authorization to rename its Learning Resources Center to the Center for Academic Learning Services. The renaming will enable the institution to reflect
a change in administrative reporting relationships and eliminate confusion caused by the use of two different names.

Policy and procedures adopted by the Board at its November 25, 1975, meeting and amended at the March 15, 1986, meeting of the Board, authorized institutions of the State System to establish or rename a school, college, department, division, center, institute, and similar agencies when prior approval had been granted by the Board. The University of Oregon's presentation of their request was included in the full report entitled, "Request To Rename the Learning Resources Center To the Center for Academic Learning Services." A copy is on file in the Board's Office.

Staff Recommendation to the Committee

It was recommended that the Board authorize the University of Oregon to rename its Learning Resources Center the Center for Academic Learning Services, effective Fall term 1986-87.

Discussion and Recommendation by the Committee

Dr. Richard Hill explained that there had been two organizations at the University of Oregon which provided services to students who needed additional preparation in language and study skills. Prior to the reorganization, the units were separated artificially by the fact that one was federally funded and one was state funded. As a consequence of a review of the federal program and the institution's concerns about possible duplication of services and possible confusion resulting from the existence of two programs, the two units were combined in the same space. At the same time, there was an opportunity to reorganize the reporting structure and the services and to integrate the talents of the two groups. The reorganization increases the efficiency of the delivery of services and should have been done before.

In response to a question concerning the level of services for students, Dr. Hill said he believed the reorganization would increase the level of services for students.

Mr. Hensley inquired whether marginal student athletes would be served in the program. Dr. Hill replied that there is a counselor for student athletes and that counselor frequently refers student athletes to this service for instruction and tutoring. The service actually offers classes in study skills and does so quite effectively.

Mr. Perry asked whether any thought had been given to having the academic counselor for athletes be part of this program. Dr. Hill said the athletic counselor had close liaison with this program and reported to the department of student services, as
do other counselors and advisors. Dr. Hill said it was his philosophy that the athlete is first and foremost a student and he was very proud of the fact that last year two University of Oregon athletes were among the six top academic student athletes in the country.

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

Board Discussion and Action

Mrs. Nelson reviewed the discussion and recommendation by the Committee.

The Board approved the Committee recommendation, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Richardson, Schwab, and Petersen. Those voting no: None.

Mrs. Nelson said there had been a rather lengthy discussion on the report to the Instruction Committee pertaining to new program options in computer science at Southern Oregon State College. She requested Dr. Pierce to summarize the discussion and conclusions of the Committee.

Dr. Pierce said several years ago the Board had approved new computer science programs at Southern Oregon State College and Western Oregon State College based on the decision that computer science was an integral part of a liberal arts college and should be a general allocation to the campuses that have those programs. Southern Oregon State College has been developing its computer science program rapidly and requested authorization from the Vice Chancellor for Academic Affairs to continue that expansion in a planned way to include work in management information and in some areas of systems and system architecture. The request was reviewed with the Academic Council, and it was agreed that this was a normal expansion of a generally offered computer science program. The issue was raised, however, as to whether it would be a duplication of other programs in the State System and whether it would overlap into the areas of computer engineering and possibly computer technology. Dr. Pierce said he had been assured by Southern Oregon State College that this was not the case and that they were not training technologists or engineers.

Dr. Pierce said that, as a result of these concerns, he had been asked by the Committee to work with the directors of computer science on all of the campuses, particularly at Southern Oregon State College and Oregon Institute of Technology, to ensure that the programs were legitimately related to the liberal
arts and science program and were business programs and, further, that unnecessary duplication did not exist in some of the more technical areas. He said he would be addressing this issue to ensure that the computer science programs were supporting the programs of the institutions and avoiding unnecessary duplication that might develop in this area of instruction. Computer science instruction is growing rapidly at the institutions and must be monitored constantly to make sure it is meeting the needs and serving the missions of the institutions of the State System.

Mr. Chao said he was somewhat bothered by the closeness of the approach to unnecessary duplication. He said he really did not see the relevance of computer architecture to liberal arts education. He said he would challenge all the institutions to focus from their centers of excellence before trying to be more complete than necessary and than can be afforded at this point. He said he would be very interested in keeping very much involved in this particular area. He said there were segments of computer science that were supportive of liberal arts and necessary for a broad education but he did not consider computer architecture as being in that category.

Mr. Perry said these comments were well taken. These were concerns discussed by the Committee and were the background for the comments made by Dr. Pierce.

Mr. Petersen said the Committee had directed Dr. Pierce to prepare a broader scope paper on the issue of duplication to inform legislative and gubernatorial candidates and also so that individual Board members will be prepared to answer questions in a logical manner.

Dr. Pierce said he would be developing two papers. One would be on computer science, and the other would be on the general question of duplication of programs. The paper on duplication would review the areas in which there is duplication and why. It is essential to make certain that everyone understands the rationale for the duplicatory programs that do exist.

Mr. Hensley suggested also that the Board Secretary be directed to transcribe the discussion during the Instruction Committee meeting and transmit that transcript to all Board members so that this information would be available to the full Board.
Staff Report to the Board

At its July 27, 1984, meeting, the Board adopted an extensively-amended rule governing vehicular travel, maintenance, and operation. The revisions were necessary because the rule adopted in 1978 no longer covered a number of situations which had developed meanwhile.

Prior to its adoption, the 1984 amended rule was for some five months the subject of broad review and discussion with institution officials, faculty, staff, student groups, and an advisory legislative committee on educational travel. The rule imposed specific requirements on both the Board and the institutions pertaining to such items as possession of a valid driver's license and installation of safety belts as well as the mandatory equipping of vehicles with emergency reflector kits, ice scrapers, first aid kits, and regular safety inspections of all vehicles.

During the one and one-half years since the adoption of the 1984 rule, the Board's staff, institution officials, and legal counsel have continuously reviewed implementation and administration activities associated with the rule. Generally, the results have been positive in that there have not been any fatalities or serious injuries during this period, and most important, the rule raised the level of safety consciousness among all drivers which, of course, is the goal of all safety rules and campaigns.

The proposed amendments to the 1984 rule are intended, however, to remedy some difficulties in application of portions of the rule. As shown below, the amendments include definitions of different types of vehicles and of "state business," elimination of provisions which cannot be monitored, such as insurance on personal and loan vehicles, as well as certain mandatory provisions which may expose the Board to unnecessary liability on a "negligence per se" theory. All such amendments have been recommended by institution officials and the Department of Justice. A copy of the proposed amendment has been circulated for institution review and comment, and a public hearing on the amended rule is scheduled for 10:00 a.m., September 2, 1986. Any public testimony received will be reported to the Board during its discussion of the rule.

Staff Recommendation to the Board

It was recommended that the Board adopt the following amendments to OAR 580-40-030 and direct the Board's staff and institution presidents to review existing institution-adopted travel rules for compliance with this rule. Any institution amendments will be reviewed and approved by the respective institution presidents.
and the Executive Vice Chancellor or designee by no later than January 1, 1987.

Vehicle[ular] Safety[;] Rule [Operation; and-Maintenance Policy]
580-40-030 (1) The Board of Higher Education, concerned about travel safety, adopts these rules to require institution action to promote safe travel. This is committed to taking every practical step which will result in institutions providing safe vehicular transportation for faculty, staff, and students traveling on institution approved business.

(2) For purposes of this rule:
(a) "Vehicle" means cars, vans, trucks, and buses.
(b) "State-owned vehicle" means a vehicle owned by or registered in the name of the State of Oregon, the Board, or any institution.
(c) "Hired vehicle" means a vehicle which is leased, hired, or rented by the State, the Board, or any institution. This definition excludes borrowed vehicles.
(d) "Borrowed vehicle" means a vehicle which is not a "state-owned vehicle" or a "hired vehicle" but which is used on state business. "Borrowed vehicle" includes vehicles owned by employees, students, and others participating in institution activities, and used on state business.
(e) "State business" means any activity for which all or part of the expenses may be reimbursed by any unit, department, or program of the Department of Higher Education.
(No person convicted within the past three years of a major traffic offense as defined in ORS 484.910 shall be permitted to drive vehicles owned by or loaned to the state for institution approved business, or to drive a private vehicle if carrying passengers on institution business.)

(3) The Board of Higher Education delegates to the institution presidents the authority and responsibility to establish specific rules governing travel safety, subject to the following general guidelines:
(a) Institution rules shall provide procedures for certifying that persons who operate state-owned or hired vehicles on state business possess a valid driver's license and have not been convicted of a major traffic offense as defined in ORS 153.500 within three years of the proposed operation.
(b) Institution rules shall require that vehicles (not including buses) used on state business have operable seat belts for all occupants. Institution rules shall also indicate the circumstances under which additional safety equipment such as a flashlight, ice scraper, first aid kit, emergency instructions, tire chains, etc., will be required.
(c) Institution rules shall indicate the circumstances under which relief drivers and and the filing of itineraries will be required.

(d) Institution rules shall apply to state-owned vehicles and to hired vehicles. Institution rules also may apply to borrowed vehicles at the discretion of the institution, giving consideration to enforceability, the nature of the travel, and other relevant factors. [Before using vehicles loaned to the state, the institution shall register them with; and confirm that they are covered by insurance approved by; the "Office of Administration."

[(4).] Travel-on-institution-business-in-private-vehicles-owned or used by employee/drive or student/drive shall be authorized only in accordance with Executive Department rules and upon condition that the driver waive any and all liability which may accrue to the Board of Higher Education because of the driver's failure to abide by vehicular-safety, -operation, and maintenance rules required under this rule.

[(5).] Except for rules provided above, the Board recognizes that it is impractical to anticipate the transportation needs, driving and weather conditions, and safety equipment requirements appropriate to each institution. Therefore, the Board of Higher Education delegates to each institution President the authority and responsibility for establishing additional rules and procedures governing vehicular safety, operation, and maintenance. Institution-adopted rules shall apply to all vehicles used for institution business, whether owned by or loaned to the state, and to private vehicles owned or used for, by, or to the employee/driver or student/driver; if carrying passengers on institution business.

[(6)(a).] Institution rules shall require that vehicles have operable safety belts for every person to be transported; an emergency-reflector-kit; flares; an ice scraper; an operable flashlight; service-station-credit-cards except in private vehicles owned or used by employee/driver or student/driver; a first-aid-kit; accident-reporting-blanks; and instructions for handling emergencies. Exceptions to emergency-reflector-kits, flares, flashlights, service-station-credit-cards, and first-aid-kits could apply to vehicles used only within the campus boundaries or for short trips to locations adjacent to the campus.

[(b).] Institution rules shall also include appropriate provisions for each of the following: vehicular-safety-inspections; additional required safety equipment; appropriate maintenance; driver-license-review; physical qualifications; training; institution-certification, and performance-review of each driver; equipment-clearance-checks; filing of a trip-itinerary; groups traveling long distances in a single car or in a caravan, including emergency equipment such as civilian band radios and trauma-kits; tire-chains or other approved traction devices when required by route or destination; provision for relief drivers during long trips; cancellation of lectures, classes, athletic contests, fieldtrips, and other extra-curricular activities when vehicle or-
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Weather conditions create unacceptable risk to the health and safety of vehicle passengers; notification of designated institution authorities who will be responsible for contacting relatives of travelers in event of an injury accident; and additional classes of persons beyond those included in section (2) of this rule, who should not be permitted to drive vehicles for institution approved business.

(4) Each institution shall file a report with the Office of Administration [the Executive Vice Chancellor] by August 31 of each year commenting on the adequacy of the travel safety rules [within sixty days of the close of each fiscal year] a report reviewing the effectiveness of travel rules and summarizing the vehicle [ural] accidents [and] and injuries which have occurred during travel on state business in the preceding twelve months. [And other relevant information.]

(5) Institution travel safety rules and amendments thereto will [shall] be effective [adopted] only upon [after} approval of the [institution-President and the] Executive Vice Chancellor or a designee.

Discussion and Recommendation by the Committee

Miss Schwab said the proposed rule would appear to be delegating to each institution the authority to set its own rules and that each one could have an entirely different set of rules on even very basic things. She said she could understand some basic rules required of all institutions and then certain exceptions for different circumstances. She questioned whether the Board could escape liability through delegation to the institutions.

Ms. Boushey said that, in the prior rule, authority was delegated to the institutions for the specific sets of rules and she did not see a change in this proposal. It was anticipated there would be similar rules throughout the State System and the institutions' rules would not become rules until they had been approved in the Office of Administration. There still would be control to make certain that the rules were reasonable with respect to relief drivers, chains, snow, and similar factors.

The Committee then discussed briefly the language specifying certain requirements.

Mr. Chao said the statement requiring approval by the Executive Vice Chancellor or designee might be a way of assuring some commonality. He suggested also adding wording to (3)(a) so that it would read "subject to the following general guidelines." He said it appeared the intent was to have a general set of guidelines common to all institutions and then to have enough flexibility so that those above the approved general guidelines would be approved by the Executive Vice Chancellor or designee to accommodate specific requirements.

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Miss Schwab said she was still concerned that certain basic items, such as tire chains and ice scrapers, had been taken out of the rule.

Ms. Boushey said there had been some difficulty with the existing rule in that it made sense for such items to be required going over the mountains or out of town. However, they were too binding with respect to short distances. There is potential liability, per se, for not having followed the Board's rules exactly. It was pointed out also that some of the existing regulations could be read as conflicting rules.

Miss Schwab said she would like to remove the conflicts but not delegate the authority completely.

Mr. Alltucker inquired about the present status of borrowed vehicles. He said this had been fairly well defined in the prior language and asked how this would be handled under the proposed language.

Dr. Richard Perry responded that borrowed vehicles would be used. These would be any vehicle which was not state-owned or a hired vehicle used on state business. Borrowed vehicles would include vehicles owned by employees, students, and others participating in institutional activities and used on state business.

Mr. Alltucker commented that (3)(d) said the "institution's rules may also apply" and that seemed permissive. He asked why this was the case.

Ms. Boushey indicated the permissiveness had to do with the fact that sometimes a borrowed vehicle might be used under circumstances where it would be very difficult to require a person to have a list of specific items. The right to control is a little more tenuous for persons using their own cars as opposed to using a state car or car leased by the Board. It would be very difficult for an institution to have the ability to make a physical check of a borrowed vehicle to make certain that all of the required items were present. If the rule stated that certain things must be present and something happened when they were not present, then there would be liability, per se, for not having followed the rules.

Mr. Alltucker said he understood the administrative control problem but was concerned with the liability implications if the items were not in the vehicle and the liability was shifted to the Board or the state unless some effort was made for control. He said he was not sure he objected to the fact that vehicles without some of the devices were used. However, if the lack of
their use caused an accident, he was not sure that he was willing to accept 100% of that liability. There was further discussion of the liability issue.

The Committee forwarded the proposed rule to the Board for approval with the addition of the wording suggested by Mr. Chao and with the understanding that there would be further discussion of the liability issue at the Board meeting when Mr. Lidz would be available to respond to the legal questions raised during the Committee discussion.

Mr. Lidz arrived later in the Committee meeting. He said the particular language in the revised rule had been subjected to intensive discussion among Mr. Casby, Ms. Boushey, and Dr. Perry over the past several months. He said he had been involved primarily in discussing the more theoretical sides of the liability question with Mr. Casby. He indicated that he understood the question raised during the Committee discussion was whether the rules should mandatorily apply to borrowed vehicles. It was concluded in the staff discussions that the Board's Administrative Rules should not state flatly that all of these rules would apply to borrowed vehicles because the regulation would be impossible to enforce.

Mr. Chao asked whether it would be useful for the rule to say that a condition for using a private vehicle for Board purposes was responsibility for meeting certain requirements. While it would not be possible to inspect the vehicle for compliance, the constraints must be met in order to claim reimbursement.

Mr. Lidz said he did not think this would be effective in terms of eliminating the Board's liability for a claim from a third party or for a Workmen's Compensation claim.

He said it was a standard principle of drafting Administrative Rules that one should be cautious in passing rules which could not be enforced in practice.

He said that, if the Board were to pass a rule that was not followed, it would open the way for lawsuits on what is called negligence, per se. Without a rule that sets the standard, one operates on a reasonably prudent person standard. If a rule exists which is violated in a particular case, it makes the plaintiff's job much easier in a lawsuit, even though in some cases the violation of the rule would not be a violation of a reasonable prudent person standard.

The Committee then forwarded the proposed rule to the Board for approval.
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Board Discussion and Action

Mr. Lemman summarized the discussion and recommendation from the Finance Committee meeting.

No one appeared to testify at the public hearing held on September 2.

The Board approved the staff recommendation as amended by the Committee and adopted on roll call vote the amendments to OAR 580-40-030 as shown above. The following voted in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

(Note: Subsequent to the approval of the amendments to OAR 580-40-030, it was learned that ORS 484.010 had been renumbered earlier this year to ORS 153.500. The language remained the same. The correction of the number has been made in (3)(a) of the rule.)

Staff Report to the Board

IMD 6.140, Endowment Fund Investments, requires at subsection (6) that any gift or donation received by an institution which equal or exceeds $20,000 be designated a quasi-endowment. The effect of this requirement is discussed in the following staff report entitled Proposed Amendment to IMD 6.140, Endowment Fund Investments. The following request is an example of the type of exception that the proposed amendment to IMD 6.140 would authorize the Executive Vice Chancellor to grant.

The University of Oregon Library has received a bequest from the estate of Irene Boulsby Ratcliffe in the amount of $45,000. The University of Oregon requests permission to expend the entire $45,000 for the purpose of upgrading and expanding their existing automated acquisitions system. The current system which was purchased in 1983 enabled the library to automate all fund accounting for the library materials budget and book acquisitions and payment processing. The proposed additions to the system would provide centralization of information on publications that are on standing order, including which issues have been received and where they are located. In addition, the proposed expansion will provide direct patron access to that information. This capability will result in increased information and substantial time savings for the library patrons and the staff.

Staff Recommendation to the Board

It was recommended that the Board grant the request for exception to the requirements of IMD 6.140(6) and allow the University of Oregon Library to expend the $45,000 gift from the Ratcliffe estate for the purpose of upgrading and expanding their existing automated acquisitions system.
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Discussion and Recommendation by the Committee

The Committee discussed whether the Board had the authority to make exceptions retroactively to the Internal Management Directive pertaining to endowment fund investments. Mr. Lemman said the Board had the authority to do so in that it could change one of these policies at any time without notice.

The question then was raised whether the change was appropriate if the person making the bequest was knowledgeable about the policy and expected the bequest to be treated as an endowment, even though it was not designated as such in the will.

Mr. Lemman said he had been assured by University officials that the use of these funds in this manner was consistent with the bequest.

This discussion led into consideration of the following item for the Proposed Amendment to IMD 6.140, Endowment Fund Investments. At the conclusion of that discussion, the Committee forwarded an amended recommendation to the Board which eliminated the necessity for approval of the exception.

Board Discussion and Action

Before considering this exception, the Board adopted amendments to IMD 6.140, Endowment Fund Investments, as recorded in the item below. Although it was no longer necessary, the Board approved the request for the exception as recommended. The following voted in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Staff Report to the Board

IMD 6.140, Endowment Fund Investments, requires that donations or gifts received by the institutions in the amount of $20,000 or more be designated quasi-endowments. A percentage of the income earned on a quasi-endowment must be reinvested in order to preserve its book-value. Although this directive insures formation and preservation of endowments, it does not provide a means for making exception to the rule through administrative action.

Equipment and other acquisitions needed by the institution often carry price tags in excess of $20,000. Under the present language in IMD 6.140 an institution in need of equipment valued at $25,000 could not solicit a gift of $25,000 from a single donor and expend that gift to purchase the desired equipment without first obtaining Board approval of an exception to IMD 6.140.
The purpose of the proposed amendment is to increase the dollar amount beyond which a gift must be designated a quasi-endowment and establish a mechanism for making administrative exception to the requirement. The Board adopted the $20,000 limit in 1978. By applying either the appropriate Consumer Price Index multiplier or the Oregon Comparative Personal Income Index, $20,000 in 1978 dollars becomes approximately $30,000 in 1986 dollars. In addition, the proposed amendment includes some minor language corrections having no substantive effect.

Staff Recommendation to the Board

It was recommended that the Board adopt the following proposed amendments to IMD 6.140:

(1) The investment objective of this directive is to secure returns from dividends, interest, and market value change sufficient to provide endowment fund participants with annual income equal to a percentage established annually by the Executive Vice Chancellor of the 5-year moving average of the market value of the endowment funds and to maintain the purchasing power of the funds as nearly as prudent investment permits. The change in the Oregon personal income index applied to the market value of the funds is used to measure the maintenance of purchasing power.

(2) Dividend and interest income in excess of the amount needed to fund the annual participant requirements specified in 6.140(1) are placed in the endowment fund reserve account and reinvested. Securities may be sold to provide cash equivalent to the income needs; however, the book value of endowments may not be invaded.

(3) The ownership of more than 5% of the securities (equities, bonds, commercial paper) of any one corporation or organization, or the investment of more than 5% of the market value of the endowment funds in any one corporation or organization, is considered to be imprudent and shall be avoided.

(4) Some gifts or bequests are subject to investment conditions stipulated by the donor which prevent the investment of moneys in security pools. The investment program for these gifts and bequests shall be as directed by the terms of the gift or will, and pursuant to statute and Board policy.
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(5) The Executive Vice Chancellor is authorized to arrange through the Oregon Investment Council for the management of the investment of the Board’s endowment funds.

(6) Any individual donation or gift which equals or exceeds [$20,000] $30,000 in total market value, regardless of the type of gift or the accounting periods in which it is received, shall be designated as a quasi-endowment. Exceptions may be authorized by the Office of Administration. Any quasi-endowment account balance which has a market value of less than [$20,000] $30,000 may, at the discretion of the institution, be transferred to the Current General Fund or the Current Restricted Fund. Any individual donation or gift of less than [$20,000] $30,000 may be designated as a quasi-endowment at the discretion of the institution.

Discussion and Recommendation by the Committee

The Committee discussed the issue of whether the authority to authorize exceptions should be retained with the Board or shifted to the Office of Administration. In response to a question, Mr. Lemman said there probably would be three or four exceptions authorized each year.

Mr. Chao proposed eliminating those few exceptions by permitting the Office of Administration to authorize exceptions up to $100,000 with those in excess of that amount brought to the Board.

Mr. Alltucker inquired whether there would be a significant amount of money in the quasi-endowments which might drop below the $30,000 threshold in a declining stock market. If the institutions took such an opportunity to capture some of the quasi-endowment funds for their Current General Fund, it might not be the best long-range policy.

After further consideration of the issues raised during the discussion, the Committee recommended that the Board approve the staff recommendation with the substitution of the following revised paragraph (6) which reflects the concerns expressed during the discussion:

(6) Any individual donation or gift which equals or exceeds [$20,000] $30,000 in total market value, regardless of the type of gift or the accounting periods in which it is received, shall be designated as a quasi-endowment. Exceptions up to $100,000 may be authorized by the Office of Administration. Exceptions in excess of $100,000 may be authorized by the
Board. Any quasi-endowment account balance which has a market value of less than $20,000 may, at the discretion of the institution, and with prior approval of the Office of Administration, be transferred to the Current General Fund or the Current Restricted Fund. Any individual donation or gift of less than $20,000 may be designated as a quasi-endowment fund at the discretion of the institution.

Board Discussion and Action

Mr. Lemman summarized the staff report and the Committee discussion and recommendation. He reported that there were 169 such quasi-endowments with a book value of $11.5 million.

The Board approved the staff recommendation as amended by the Committee and adopted the revised IMD 6.140, Endowment Fund Investments. On roll call vote, the following voted in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Richardson, Schwab, and Petersen. Those voting no: None.

Staff Report to the Committee

With an expected growth in enrollment, together with start of construction on the Science Additions and Alterations, the University of Oregon administration has increasing concerns about automotive parking on and adjacent to the campus. Construction of a parking structure is included in the Board’s 1987-1989 Capital Construction Request, currently before the Governor. At best, that structure will not be available before mid-1988.

Northwest Christian College, a close neighbor of the University of Oregon, has offered a parcel of unimproved land and a contiguous lot with a six-unit residential facility. The College and the University have agreed upon a price of $500,000 for the land and improvement, and an option has been taken. This price is supported by an independent appraisal secured by the University.

The land proposed to be acquired faces on 12th Avenue, between Alder and Kincaid. The 12th Avenue frontage is 209 feet; the property depth is 160 feet. The residential structure faces on 12th Avenue, and is on a lot which is 42 feet by 80 feet. The land is zoned C3, Major Commercial District.

Inasmuch as the purchase price is over $25,000 and the land lies outside the approved boundaries of the University of Oregon, Board approval is required to complete the purchase transaction.
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The University proposes to prorate the purchase cost between Parking Operations and Housing, on an approximate basis of 80%/20%. The site will accommodate in excess of 50 vehicles.

The staff supports this acquisition, with certain conditions, as follows:

1. That the campus boundaries remain unchanged, with this property external to the campus.

2. That the University undertake, and complete by May 31, 1987, a comprehensive study and plan for parking and transportation for the campus.

3. That the University provide, prior to completing the purchase, evidence of City of Eugene approval of parking at the site.

4. That the financial plan for this purchase and the proposed parking structure be prepared by October 31, 1986.

Staff Recommendation to the Committee

It was recommended that the Board authorize appropriate Board staff to complete the purchase transaction with Northwest Christian College for land identified as tax lots 300, 500, and 600 for a price of $500,000, to be funded from reserved funds available to the University of Oregon for parking and housing and/or Article XI-F(1) bond proceeds. The purchase will be conditional on acceptance of four conditions set out in the Report Section of this item.

Discussion and Recommendation by the Committee

Mr. Alltucker said the real estate alone would cost $10,500 for each of the proposed 50 parking spaces.

Mr. Neland said when the amount applicable to housing was removed, the cost would be about $8,000 per car. The cost is relatively high to acquire land and park on only one level, but the parking situation at the University of Oregon also is relatively desperate. Additional parking space will be lost when construction begins on the science building. He indicated that the land might be recaptured at some future time when other arrangements have been made for parking.

The Committee discussed estimates of the cost per parking space in multiple level structures in comparison to the price per car for the purchase of this property. It was concluded that the cost per car for this property would be less.
Mr. Neland said that even though the parking study might show that this particular piece of property was not a vital acquisition, this would only be the case if the recommendation from the study was for a substantial investment in structured parking. This investment could not be accomplished reasonably for a number of years.

Mr. Dan Williams, Vice President for Administration at the University of Oregon, said there was a fairly good understanding of the degree of the parking problem at the present time. A review of parking made about six months ago showed that the institution was short approximately 1,200 parking spots for daily use during the normal year. The intention now is to do feasibility studies for parking structures on two campus locations. He said the land the University owned on the other side of Franklin Boulevard was dedicated for the development of the research park and would not be used for any permanent parking solution.

The proposal to the Committee and the Board represents an unusual opportunity to acquire some of the assets being liquidated by Northwest Christian College. The property would be used for future expansion of the University of Oregon. The most pressing need, and one for which funds are currently available, is for a short-term parking arrangement. The apartment house can be used for housing or for other instructional or institutional uses.

Mr. Williams explained that the shortage of parking spaces was due to an increase in size of the institution and the loss of on-street parking in surrounding neighborhoods. Sacred Heart Hospital is also expanding rapidly in the same general location.

Mr. Williams said the proposed locations under consideration for new parking structures were on Alder Street where the tennis courts are located and on the playing fields between Hayward Field and Leighton Pool. These fields are not usable year-round because they are in poor condition, but it would be possible to build a one-story structure with year-round playing fields on the top and the parking on the ground level.

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

Board Discussion and Action

Mr. Perry inquired what use would be made of the apartment house, and Mr. Neland indicated it would be operated by the University of Oregon's housing department, probably for married housing.
The Board approved the Committee recommendation, with the following voting in favor: Directors Alttucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Staff Report to the Committee

Through a collaborative effort among Oregon State University, the Port of Newport and a non-profit corporation, The Oregon Coast Aquarium, a plan has been developed to provide land for siting a major aquarium facility near the Hatfield Marine Science Center. In the transactions to arrange an appropriate site, a parcel of land of approximately 2.69 acres currently owned by the Port of Newport would have to be sold. This acreage, lying east and north of the Center, is zoned for light industrial. If permitted to develop in that manner, access from the 250 acres of tidal perimeters donated by Georgia Pacific to the estuarine shore would be seriously restricted. Oregon State University ownership of the property will ensure protection of an appropriate access to the estuarine shore.

The state Land Conservation and Development Commission has control of 306 (A) Coastal Zone Management Funds, for which Oregon State University is eligible. The University has prepared an application for $109,527 of these funds for purchase of the 2.69 acres from the Port of Newport and for related costs. The 306 (A) funds require an equal match, which will be made up of $100,000 of improvements by The Oregon Coast Aquarium, and $9,600 of labor and posting to be provided by the Angell Job Corps Center.

Oregon State University anticipates approval of the 306 (A) grant application and the award of $109,527. The University will then wish to proceed immediately to acquire the 2.69 acres.

Staff Recommendation to the Committee

It was recommended that the Board authorize the application and acceptance of a grant from the state Land Conservation and Development Commission in the amount of $109,527; and that, upon award of the grant and receipt of funds, appropriate Board staff be authorized to purchase 2.69 acres of near-estuarine property at Yaquina Bay from the Port of Newport for management by the Hatfield Marine Science Center, Oregon State University.
Discussion and Recommendation by the Committee

In presenting the report, Mr. Neland said the Port of Newport would be able to dispose of a piece of property that was difficult to market commercially. The addition of the aquarium facility should create a very substantial tourist attraction which will benefit the economy of the whole mid-coast area. He also commented that Oregon State University would be likely to receive the grant. The institution has been encouraged to apply and does qualify.

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Use of "Design/Build" Construction Process for OSSHE Capital Projects

The staff prepared a description of the "design/build" construction process for the review of the Committee. The purpose of the presentation was to determine whether the Committee would have difficulties with the application of this process. If there were no strong reservations about this method, it was intended to present a specific proposal for approval at the October Board meeting.

Miss Schwab said she was opposed to the process because it requires reviewing a number of designs and selecting one within the budget. If a different design is preferred which falls outside the budget, there is no opportunity to put that design out for bid. She said she thought a better product was obtained when the plans were put out for bid.

Mr. Alltucker said he had been involved in the process from both sides and he believed that from a design standpoint, it was often unwise to save the time for the reasons mentioned by Miss Schwab and also for the more practical reason that when a company has about thirty days to complete a fairly full design, it does not go through the drawings to eliminate the interferences within the structure of the various utilities. The process also leads to other undesirable activities in the construction industry, such as bid peddling.

In response to a request for clarification of the application of the design/build process, Mr. Neland said the staff did not think that the process would be applicable to the more sophisticated buildings but only to very modular and very repetitive structures.

Mr. Richardson then asked Mr. Alltucker if he would be receptive to a design/build method for selected projects, such as parking structures, or whether his comments would still be applicable.
Mr. Alltucker said he had only one vote but he thought the design/build process was a bad idea for the owner and a bad idea for the industry all the way through.

Mr. Neland said the process was of significance to the Oregon Health Sciences University in a proposal which would be brought to the Board in October. President Laster believes time is critical on this project.

Mr. Neland indicated that it should be possible to achieve similar results by accelerating standard procedures through reasonable, but tighter, constraints on designers and contractors.

The Committee suggested that the staff consider these comments and determine whether further discussion was necessary.

Board Discussion and Action

Mr. Lemman summarized the Committee discussion. He said it was acknowledged that substantial savings could be made at a time when interest rates were high and increasing and when inflation and the cost of labor and materials was high because there would be a contraction of time under the design/build approach.

Mr. Perry inquired whether there would be a problem with legislative criticism in using this process. Mr. Lemman said that inasmuch as there was precedent elsewhere, he did not anticipate indefensible legislative criticism. Mr. Neland explained some of the possible concerns of legislative constituents.

Mr. Petersen said these potential criticisms were a very important issue and the Board should be sensitive to them if it headed in this direction.

Miss Schwab reiterated her statement in opposition to the process. She said the owner did not get competitive bids and often did not get the structure which was anticipated because everything was so sketchy. Substantial changes may be required that ultimately make the cost higher than another design.

This concluded the discussion, and it was understood the comments would be considered by the staff in making future recommendations.
Dr. Dahli Gray was an assistant professor in the College of Business (COB) at Oregon State University during 1985-86. (She was promoted to the rank of associate professor at the end of the 1985-86 school year. She recently resigned from Oregon State University to take a position at Notre Dame University.) Dr. Gray objects to the salary increase which she received for the 1985-86 year and requests a Board review as provided by OAR 580-21-390, Discretionary Review of Non-Disciplinary Personnel Decision. Dr. Gray filed her grievance under the University's grievance procedure which provided a three-step review by Charles Neyhart, Chair, Department of Accounting; Lynn Spruill, Dean of the College of Business; and Bill Wilkins, Acting Vice President for Academic Affairs and Provost.

Dr. Gray alleges that the 1985-86 salary adjustments made by Dean Spruill did not reflect the market value of accounting faculty, in violation of guidelines issued by the Board and President Byrne indicating that the discretionary salary adjustment should be used, among other things, to "correct salary anomalies resulting from the market conditions." (Board Minutes, June 21, 1985).

Dr. Neyhart denied Dr. Gray's request because, among other reasons, he believed that the adjustments for Department of Accounting faculty were generally equitable. Dr. Gray then appealed to Dean Spruill alleging that on the average faculty members in Marketing received larger percentage adjustments than those in Accounting, although, she believed, that doctorates in Accounting had a higher market value than doctorates in Marketing. Both Dean Spruill and Acting Vice President Wilkins investigated and responded that Dr. Gray's salary was the second highest salary for an assistant professor in the College, and that they believed her salary adjustment, which was higher than average, was appropriate in comparison to adjustments received by other COB faculty members. The University further responded that salary increases included appropriate market adjustments.

In her petition for Board review, Dr. Gray also alleges that Oregon State University administrators have ignored the issues which she has raised in her grievance and responded to different issues. Thus, Dr. Gray alleges there is no substantive grievance procedure in place at Oregon State University.
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The Board's staff has conducted an appropriate examination. Dr. Gray submitted substantial additional information regarding the institution's investigation and her own productivity. After reviewing materials from Oregon State University and from Dr. Gray, the Board's staff concludes that Dr. Gray's salary adjustment was appropriate. There is no evidence that the term "discipline" as used by the Board and President Byrne referred to specialties within a College (e.g., accounting, marketing, finance) as opposed to disciplines within an institution (business, science, computer science). Furthermore, there is no evidence that the Board or President Byrne intended that the institution conduct market studies and tie salary increases specifically by discipline within colleges to the results of those market studies. Nor in referring to quality of performance did Dr. Byrne or the Board direct that salary adjustments be tied specifically to the number of publications or other numerical indices of productivity by any specific faculty member.

Both Dr. Neyhart and Dean Spruill acknowledged that Dr. Gray is an excellent faculty member and believe that her 18% salary increase was responsive to her performance. Board staff agrees with that conclusion. While ten faculty members in the College of Business received greater increases, Dr. Gray's adjustment was very high. The staff rejects Dr. Gray's allegation that she should have received a 31.5% pay increase if the guidelines had been correctly applied. Lastly, the guidelines were not, as Dr. Gray asserts, a mandatory formula to be applied numerically to each faculty member; instead they established the basis for salary adjustment decisions.

The staff reviewed Dr. Gray's allegation that the grievance procedure was inadequate. It is apparent that Oregon State University spent appropriate effort deliberating their response to Dr. Gray's complaint. However, the response did focus on Dr. Gray's salary rather than the percentage of increase which she received. Although the effect of the increase was to reach a specific salary, Dr. Gray complained about her percentage increase, not her final salary. A response could easily be prepared from the file material explaining to Dr. Gray how her percentage was within the guidelines and why it was appropriate. If the Board adopts the motion below, staff will prepare such a response to Dr. Gray based on the material already in the file.

Based on the staff conclusion that Dr. Gray's salary adjustment was clearly within Dr. Byrne's and the Board's guidelines and that Oregon State University conducted a thorough investigation of Dr. Gray's allegations, the staff recommends that no review be undertaken.

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Staff Recommendation to the Board

It was recommended that the Board adopt the following motion:
In the matter of the petition of Dr. Dahli Gray submitted by letter or document dated June 27, 1986, regarding the personnel action taken by Oregon State University, the Board finds that the action was within the Board's and President Byrne's guidelines and that Dr. Gray's institutional grievance was thoroughly reviewed. Therefore, the Board declines to review the matter under the provisions of OAR 580-21-390.

Board Discussion and Action

Ms. Melinda Grier reviewed the staff report and recommendation.

The Board approved the recommendation and adopted the motion as presented. The following voted in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Staff Report to the Board

In accordance with provisions of ORS 526.225, the Board of Higher Education approved the establishment on June 13, 1961, of two advisory committees at Oregon State University: the Forest Products Research Advisory Committee and the Forest Management Research Advisory Committee. These committees subsequently were merged into the Forest Research Laboratory Advisory Committee at the July 26, 1971, Board meeting. The 1975 Legislature revised provisions for the Forest Research Laboratory Committee to add three members representing the "public-at-large." Appointments to these positions were made at the Board meeting on August 26, 1975.

Staff Recommendation to the Board

It was recommended that the following appointments be made to the Forest Research Laboratory Advisory Committee:

Bond Starker, President, Starker Forests, 7240 SW Philomath Boulevard, Corvallis, 97333.

Mr. James Brown, State Forester, 2600 State Street, Salem, 97310.

Mr. Jim Torrence, Regional Forester, U.S. Forest Service, Region 6, P.O. Box 3623, Portland, 97208.

Mr. C. W. Luscher, State Director, Bureau of Land Management, P.O. Box 2965, Portland, 97208.
All of these appointments are for an initial three-year term from July 1, 1986, to June 30, 1989. The appointments will provide for a continuing balance of public members and of forest industry members. All of the individuals have expressed a willingness to serve if appointed by the Board.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Staff Report to the Board

The October 26, 1970, will of Hazel D. Strom bequeathed real property located at 7319 S. E. 36th Avenue, Portland, to the Oregon Health Sciences University "for its general research purposes." As a further condition of the will, Hazel E. Strom bequeathed a life estate in the property to her sister, Alice A. Dozier. Ms. Dozier died in February 1986. Now the University would like to proceed with the sale of this surplus property.

The property consists of a lot and house with approximately 1,560 square feet. The interior consists of three bedrooms, one bath, separate kitchen, dining and living area. A single-car garage is attached. An appraisal of the property determined its market value to be $61,000.

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 authorized by the Board to: (1) advertise for bids in accordance with appropriate state statutes at a price which is not less than $61,000; and (2) sell the property for cash or on contract, assuming an acceptable bid is received. A contract sale would require a down payment of at least 20% and monthly payments over 20-30 years until completely paid. 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 concludes 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 reaction and, if warranted, obtain a second appraisal. Thereafter, the Board's staff would proceed again in accordance with steps (1) and (2), 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.
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Board Discussion and Action

The Board approved the staff recommendations as presented, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

L. E. Coate, Appointment as VP for Finance & Administration, OSU

Staff Report to the Board

At the July meeting of the Board, authorization was granted to the Executive Committee to approve the appointment of the Vice President for Finance and Administration of Oregon State University. Pursuant thereto, W. T. Lemman contacted each member of the Executive Committee. Approval was granted to appoint Dr. L. Edwin Coate as Vice President for Finance and Administration with an annual salary of $73,008. Dr. Coate will be assuming the position currently held by Dr. Theran Parsons, who is retiring at the end of 1986. Because of the complexity of the position and the need to start immediately, Dr. John Byrne has been authorized to proceed with the official appointment, beginning approximately September 15, 1986.

Staff Recommendation to the Board

It was recommended that the Board confirm the action of the Executive Committee in approving this appointment.

Board Discussion and Action

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

SUMMARY OF FACILITIES DIVISION ACTIVITIES, OFFICE OF ADMINISTRATION

Consulting Services - Electrical, OHSU

Consulting Services - Mechanical, OHSU

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

A Retainer Agreement was awarded to Columbia Consulting Engineers, Inc., Portland, for electrical services.

A Retainer Agreement was awarded to C. W. Timmer Associates, Inc, Beaverton, for mechanical services.

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Garfield Hacker Architects, P.C., Portland, will provide necessary architectural services at a cost not to exceed $13,500. Funding will be available from Auxiliary XI-F(1) self-liquidating bonds.

McSwain & Woods, AIA, Coos Bay, will provide necessary architectural services at a cost not to exceed 6% of the direct construction cost allowance or $10,800. Funding will be from a Federal (NOAA) Grant.

SRG Partnership, PC, Portland, will provide necessary architectural services at a cost not to exceed $147,000. Funding will be provided through Article XI-F(1) bonds and a one-time payment from the Police Standards and Training Board.

On July 28, 1986, Rogers Asphalt Paving Company was awarded a contract for this project in the amount of $51,102.03. Funding will come from Capital Repair Allocation.

On July 11, 1986, Shadomy Landscape was awarded a contract for this project in the amount of $23,637. Funding will come from funds available to the institution's physical plant.

On July 24, 1986, Dale Ramsay Construction Co. was awarded a contract for this project in the amount of $211,226. Funding will come from State (Lottery) Funds.

On July 24, 1986, Dale Ramsay Construction Co. was awarded a contract for this project in the amount of $170,125. Funding will be provided through the General Funds available to the institution.

On August 8, 1986, Dale Ramsay Construction Co. was awarded a contract for this project in the amount of $62,851. Funding will be provided from Building Use Credits.
On August 8, 1986, McAllister Construction Co. was awarded a contract for this project in the amount of $29,420. Funding will be provided from an Agricultural Research Foundation gift.

On July 2, 1986, Union Floor Co. was awarded a contract for this project in the amount of $55,500. Funding will be provided from Capital Repair Allocation.

On July 2, 1986, Washington Roofing Co. was awarded a contract for this project in the amount of $104,023. Funding will be provided from Capital Repair Allocation.

On July 25, 1986, McKenzie Commercial Contractors was awarded a contract for this project in the amount of $98,715. Funding will be provided from reserve balances available to the Housing Department.

On June 25, 1986, The Trane Company A Division of American Standard Inc. was awarded a contract for this project in the amount of $191,854. Funding will be provided from federal funds for Science Facilities Additions & Alterations.

On July 10, 1986, Prestige Builders was awarded a contract for this project in the amount of $72,465. Funding will be provided from reserve balances available to the Housing Department.

On July 11, 1986, Early Roofing Service, Inc. was awarded a contract for Basic Bid "B" in the amount of $396,728, and Snyder Roofing & Sheet Metal, Inc. was awarded a contract for Basic Bid "A" in the amount of $88,964. Funding will be provided from reserve balances available to the Housing Department.

On July 28, 1986, Folker Construction Company was awarded a contract for this project in the amount of $68,090. Funding will be provided from reserve balances available to the Housing Department.

On July 30, 1986, EMK Contractors was awarded a contract for this project in the amount of $154,500. Funding will be provided from funds available to the institution and a matching grant from the U. S. Department of Energy.
On July 24, 1986, EMK Contractors was awarded a contract for this project in the amount of $105,900. Financing will come from federal funds for Science Facilities Additions & Alterations.

On August 4, 1986, McKenzie Commercial Contractors was awarded a contract for this project in the amount of $478,501. Funding will be provided from funds available to the institution from federal funds for Science Facilities Additions & Alterations.

On July 21, 1986, Clarke Electric, Inc. was awarded a contract for this project in the amount of $55,700. Financing will be provided from funds available to the institution and reimbursement from Bonneville Power Administration.

On July 31, 1986, Clarke Electric, Inc. was awarded a contract for this project in the amount of $29,998. Funding will be provided from funds available to the institution and reimbursement from Bonneville Power Administration.

On July 31, 1986, Clarke Electric, Inc. was awarded a contract for this project in the amount of $39,490. Funding will be provided from funds available to the institution and a matching grant from the U. S. Department of Energy.

On July 7, 1986, Pacific Crest Construction, Inc. was awarded a contract for this project in the amount of $72,900. Financing will come from Capital Repair Allocation.

On July 2, 1986, Henris Roofing & Supply of Klamath County, Inc. was awarded a contract for this project in the amount of $98,327. Funding will come from Capital Repair Allocation.

On August 8, 1986, Hyland & Sons, Inc. was awarded a contract for this project in the amount of $5,059,995. Funding will come from State (Lottery) Funds.

This project is complete and was accepted on July 11, 1986. The estimated total project cost remains at $80,399. Financing was through Excess Building Fee Sinking Fund and Dean's Reserve.

Acceptance of Projects
Track & Field Improvements & New Tennis Facility, OIT

This project is complete and was accepted on July 31, 1986. The estimated total project cost remains at $580,789. Financing was provided by Article XI-F(1) bond proceeds.

Board Discussion and Action

The Board accepted the report as presented.

Authorization to Lease Land to U. S. Department of Interior, SOSC

At the June 20, 1986, meeting, the Board approved in concept the leasing of fifteen acres of land on the Southern Oregon State College campus to the Northwest Raptor Rehabilitation Corporation for the purpose of permitting the lessee to construct a museum. The Board intended that the authorization would permit the Corporation to sublease to governmental agencies for addition of complementary programs. It was understood at that time that the Northwest Raptor Rehabilitation Corporation would sublease four or five acres to the U. S. Department of Interior for a forensic laboratory. It has since been ascertained that the Federal Government requirements are such that the lease must be directly with the owner, the Board of Higher Education on behalf of Southern Oregon State College. Inasmuch as the transaction is within the concept approved by the Board, the staff has proceeded to prepare a lease with the U. S. Department of Interior and will lease the remainder of the fifteen acres to the Northwest Raptor Rehabilitation Corporation.

Board Discussion and Action

The Board accepted the report as presented.

Mrs. Nelson reported that she had visited the Oregon Institute of Marine Biology at Charleston recently and had viewed the new construction. She said she was amazed at the progress which had been made and how many buildings would be available.

Mr. Lemman added that the subcommittee of the Emergency Board had approved the addition of a substantial sum of money to that grant and project so it would be enlarged further. He indicated the subcommittee was complimentary to the Board and the University about the program and the changes which were being made at the site.

Mr. Chao said the Oregon Council of the American Electronics Association had put higher education as the highest priority on its legislative agenda. He said he believed this was probably the fifth year in a row that the Association had taken this action.
Mr. Alltucker said work was still being done on the final revision of the Strategic Plan. A brief presentation of the Plan will be ready for the Board to review and approve in October.

Mr. Hensley said the University of Oregon expressed some concerns with respect to its budget at the July Board meeting during the Board's consideration of the 1987-1989 biennial budget request to the Governor and the Legislature. A hearing Committee, composed of Mr. Adams, Mr. Alltucker, and Mr. Hensley, was appointed to meet with University officials with respect to their concerns. The hearing committee was to report to the Board at the September meeting.

President Olum presented his case in a memorandum dated August 15, 1986, and an alternative proposal was placed before the committee when it met with University officials. Although this alternative proposal was not fully satisfactory to the institution, it was more favorable than the budget recommendation approved by the Board in July and submitted to the Governor's Office.

Mr. Hensley said the committee was prepared to report its findings and a recommendation as a result of its meetings with University officials and the staff. At the conclusion of the meeting, Mr. Hensley said the committee recommended that the staff and University officials continue the discussions of the institution's funding under the BAS Model and the corridor enrollment policy. The committee instructed the staff that any recommendations or negotiations would not change the Board's biennial budget request approved at the July meeting and submitted to the Governor, nor would they reallocate any funds to the University of Oregon from the budgets of Portland State University, Oregon State University, and Eastern Oregon State College. These institutions have been more favorably funded with respect to the Model.

Mr. Hensley said the staff also was instructed to try to develop some method for assisting the University in its critical funding problem related to increased enrollment. He said the committee believed that this has been done.

Mr. Hensley said he realized during the discussions that about half of the Board members were not on the Board when it reviewed the BAS Model proposal. The maintenance of the integrity and validity of the BAS Model and enrollment corridor policy adopted by the Board is a very important matter, not only to the University of Oregon, but to the entire State System. For that reason, Mr. Hensley said he had requested Mr. Lemman to provide the Board with background information on both topics.
In response to this request, Mr. Lemman prepared two documents for distribution to the Board. They appear as Supplement A to these minutes and are entitled, "Budget Allocation System (BAS) Model: Summary" and "Department of Higher Education Corridor Funding Policy."

Mr. Lemman indicated that Mr. Chao planned to include on the agenda for the Finance Committee a substantial seminar-workshop on the understanding of the BAS Model. He then explained the information in the document on the BAS Model.

Inasmuch as budget allocations to institutions in the past had not been based upon sophisticated measurements of institutional mission and other factors, the Board recognized when it adopted the Model that institutions would not all be funded at the same percentage that the Model would provide. Indeed, construction of the Model was undertaken in part to reveal those differences. Thus, it was not surprising to find that institutional budget allocations varied from 68% to 75% of what the Model would suggest as the optimum funding for each institution.

It was recognized further that the Board did not accept the Model as the exclusive device for allocating funds to the institutions, but it would certainly look at that measurement in making allocations and in striving to approach equity in funding among institutions, recognizing their size and mission. Such reviews and measurements would be continuing over time.

Mr. Lemman then explained the material on the Corridor Funding Policy.

Mr. Lemman said the issue before the hearing committee was whether the University of Oregon was appropriately funded for the midpoint of its corridor when the establishment of that corridor came at a time when the enrollment at the University of Oregon was changing from a decline to a rapid increase.

Mr. Lemman said the recommendation to the committee was agreed to by the committee. It was recommended that the Board reaffirm its commitment to the biennial budget already submitted and to recognition of the fact that the University of Oregon is scheduled in that budget to receive at least $365 million per year additional funding in 1987-1989.

He said there had not been any dispute that the University of Oregon was less well funded with respect to what the Model would provide than were other institutions in the State System. The question was how rapidly the University could be moved up and at what point in time assurances could be made so that the institution could make hiring commitments.
Further, it was recommended that the University of Oregon be given immediate assurance that its operating budget would be increased $1.7 million per year in 1987-88, and continuing in 1988-89, over the amount now in its base budget. This recommendation would merely continue the overrealized tuition revenue allocation which is expected to be allocated in November of this year.

The second part of the recommendation would recognize that the University of Oregon will be at its enrollment ceiling when it reaches 15,030 FTE students. Rather than looking at the mix of students in the context of the 1986-87 mix, it will be considered in terms of the mix that is expected to be achieved, based on historical information, when it reaches its so-called steady state. In other words, after the present enrollment bulge has passed and the institution is on a continuing basis at approximately 17,000 head count and 15,030 three-term FTE students, the use of that criteria would entitle the University of Oregon to approximately an additional $2.25 million.

Mr. Lemman said it was recommended the University of Oregon's budget be adjusted by the sum of the $1.7 million and the $2.2 million, to the extent resources are made available in the biennial budget request. This will not result in taking dollars from any other institution or amending the biennial budget at this point. It will require a further overrealization of enrollment and revenue in contrast to the earlier forecast, and this is expected to occur.

Mr. Lemman said he believed the terms of this proposal were fully understood by the University of Oregon and the staff had discussed them with University officials in substantial detail.

Mr. Hensley said he also had discussed this thoroughly with President Olum and it was Mr. Hensley's understanding that President Olum concurred with the Committee recommendation as described by Mr. Lemman.

Mr. Alltucker said this budget effort was started in order to develop a system that was less affected by the changes in the number of students and more affected by the actual cost of educating students in the different disciplines. He explained that under the old system if it cost more to educate a student in one discipline, every time there was a change in students those schools that had a high cost were being penalized and those with a low cost received a windfall. The Board agreed that during the early stages of the implementation of the Model, no school would be funded at a level lower than they had been under the previous system. This meant that in the first calculations
of the amount of funding under the BAS Model, all of the institutions would not be funded at the same percentage. The Board also provided that during the first three to five years, the percentage disparity would be corrected to bring the institutions into theoretical equity. At the end of five years, it would be anticipated that all of the institutions would be funded at approximately 75% of what the BAS Model indicated each institution should have.

Mr. Alltucker said progress had been made in equalizing the percentages and there was a very small percentage difference among the institutions. However, the problem is that 2% of several hundred million dollars in one year amounts to $4 million and is worth having a college president make an appeal for that extra money.

Mr. Alltucker said the Board had also provided a procedure in the corridor enrollment policy to reduce the violent fluctuations due to annual changes in numbers of students. The Board also recognized that there probably would be some unforeseen consequences, and a process was established to review them. He said all of the difficulties which had been discussed were not unexpected and he believed the system was working.

Mr. Hensley said that in addition to the recommendations presented by Mr. Lemman, the hearing committee was also recommending to the Board that the BAS Model Advisory Committee, which has not been meeting on a regular basis, be required to meet at least once a year to resolve any differences or concerns about any inequities that might be appearing in the BAS Model and to make findings and recommendations and report the status of understanding and acceptance of the Model to the Board after it has had its annual meeting.

The Board approved the recommendations presented in the report from the hearing committee. The following voted in favor: Directors Alltucker, Chao, Hensley, Hermens, Nelson, Perry, Richardson, Schwab, and Petersen. Those voting no: None.

Mr. Petersen announced that the next regular Board meeting would be held on October 10, 1986, on the campus of Eastern Oregon State College. The meeting would be preceded by a visit to the institution on October 9.

Mr. Petersen said it was somewhat unusual to appoint a non-Board member to serve as chairman of the Board's Legislative Committee, but he was appointing Mr. Robert Ingalls, a former member of
the Board to that responsibility. He said Mr. Ingalls had experience as a former legislator and former member and president of the Board, and he was certain he would do a commendable job.

Mr. Petersen also announced that President Blake would serve as the Board's representative on the committee considering the appropriate use of the Callahan Center.

Mr. Petersen indicated that the Board's retreat would precede the November Board meeting. He said the agenda would require some specific information from the presidents to the Chancellor's Office and asked that the information be provided in a timely manner.

The agenda will include legislative strategy, a discussion with presidential spouses, and a discussion of athletics in general under the topics of cost containment, academic progress of athletes, levels of competition, conference affiliations, deficit spending, and other issues of concern.

The Board will also consider faculty and staff productivity in regard to teaching loads vis-a-vis research time, tenure, and contracts; the quality of undergraduate education; the question of final examination week; and the early semester system.

The retreat will start after lunch on Wednesday, November 19, and continue through Thursday.

ADJOURNMENT The Board meeting was adjourned at 12:15 p.m.

James C. Petersen, President

Wilma L. Foster, Secretary
The Budget Allocation System (BAS Model) is designed to give maximum flexibility to policy-makers in the formulation of the budget. The BAS Model uses the "building block" approach to developing a model budget. It identifies in the Model the various inputs that are required in budget building, such as student credit hours, faculty productivity, faculty salaries, support staff, numbers of degree programs, area of buildings, valuation of buildings, acres of land, etc.

The quantification of the various building blocks in the BAS Model is accomplished through the use of comparative as well as normative data. The comparative data are actual data from selected institutions and include such items as faculty productivity ratios (credit hours produced per faculty) and average faculty salaries. The normative data represents funding standards developed by professionals, such as librarians, physical plant directors, media specialists, etc.

The first goal of the BAS Model is to serve as a tool to provide information to the Board, the Governor, and the Legislature concerning the necessary level of funding for each institution to provide programs of desired quality, using peer group review as the principal standard of measurement.

The second goal is to identify and recognize in the allocation system the diversity that exists among the institutions in the State System.

The third goal is to measure the relative equity of resources allocated among institutions which vary greatly in size and mission.

The fourth goal is to provide the presidents and faculties with management incentives for optimizing effectiveness and efficiency.

The Model may be used as follows:

- To quantify the cost of a program proposal relating to a specific discipline (e.g., adding a doctoral program in psychology).
- To quantify budgetarily the modification of an institution's mission (e.g., offering graduate programs in the liberal arts).
- To identify the change in relative funding level among institutions if specific program enhancements are provided only to some institutions (e.g., budget increases to computer science, cell biology).
- To identify the cost of changes in policy related to specific categories of expense (e.g., policies regarding library acquisitions and equipment).
- To examine the difference between current and desired expenditure levels (e.g., building repair and rehabilitation) and to assist in identifying decision packages and establishing priorities.
• To identify areas where policy constraints on institution discretion and budgeting may be desired (e.g., establishing a line item control over plant maintenance expenditures).

• As cost accounting systems are improved, to reflect more correctly discipline cost by level.

• As a benchmark, to identify program areas which may lack sufficient resources to finance a program of acceptable quality (e.g., if an institution is allocating resources at only 25% of that required for a master's program in mathematics, questions could be raised concerning the ability to offer that program at an acceptable level of quality).

• To identify and quantify the general level of underfunding in the State System. The Model will not only identify underfunding in the aggregate, but by function and category of expense.

• To quantify the cost of enlarging enrollments in professional programs (doubling enrollment in electrical engineering).

• To identify the cost of establishing salients of excellence in particular programs or activities.

• To allocate resources among the institutions. The Model has highlighted the fact that each institution is funded at a different level of adequacy as measured by the Model. Several policy options are available to bring institutions into relative equity or equilibrium (another option being to maintain the present differences in budget adequacy). One option is to bring each institution to a common percentage of what the Model would provide. Another option would be to establish a hierarchy of funding levels, giving preference to some institutions on the basis of role or mission.

The Board of Higher Education in adopting the BAS Model is adopting the concepts and principles upon which the BAS Model is built. Those concepts and principles are:

1. The Model will be divided into functions to determine budget requirements. Those functions are: Instruction, Research, Academic Support, Student Services, Physical Plant, and Institution Support.

2. The Instruction function formula components will be based upon faculty productivity ratios and four levels of instruction within educational disciplines. Furthermore, the productivity ratios will consist of two sets of productivity ratios—one set for the University of Oregon, Oregon State University, and Portland State University; and one set for Western Oregon State College, Southern Oregon State College, Eastern Oregon State College, and Oregon Institute of Technology.

3. There will be a faculty salary differential between universities and colleges, as well as salary differentials by discipline.

4. The Research function will be heavily weighted toward the universities to recognize their research and graduate education missions.
5. Library support within the Academic Support function will be based upon the numbers of program offerings as determined by the Vice Chancellor for Academic Affairs in consultation with the institutions.

6. Student Services funding will be based upon the number of headcount students as well as a core level of support.

7. Physical Plant funding will represent the requirements to maintain a physical plant recognizing the existing type of facilities and size of campus.

8. Institution Support will recognize the need for a core level of support as well as the size and complexity of the institution.

9. Equipment funding will recognize needed new acquisitions as well as replacement in its formula components.

10. The goals of the BAS Model are to recognize and assist in achieving: quality, diversity, equity, and management incentives.
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September 12, 1986

Department of Higher Education

Corridor Funding Policy

During the past two decades, budget adjustments for enrollment change have been an integral part of the budget preparation process. The decade of the sixties saw a steady trend in enrollment growth which translated into increased funding for all institutions. During the seventies, enrollments, and therefore budgets, began an up and down fluctuation. These uncertainties led to a budget policy known as the "1% Program Stabilization Policy." The 1% Policy held annual budget adjustments, related to enrollment change to plus or minus 1% of an institution's base budget. The policy was applied through the 1981-1983 biennium. The 1983-1985 budget process returned to the policy of full variable cost adjustment for changes in enrollment. Enrollment fluctuations, and thus budget fluctuations, during the seventies and early eighties became a management concern for all institutions. An institution's budget could have been increased one year and reduced the next. This "sawtooth" effect on the budget led to a criticism that budgets were "enrollment driven" rather than being a function of an institution's mission. The 1% Policy of the middle and late seventies merely limited the magnitude of change.

Dollar adjustments related to enrollment or workload change will always be an element in formulating an institution's budget. However, that policy needs to recognize that small positive changes in enrollment can be accommodated without additional funds, and small negative changes do not reduce the costs of an institution.

Characteristics of Corridor Enrollment Funding

1. The initial mid-point will be the five-year average of projected enrollment beginning with 1984-85.

2. The width of the corridor from the mid-point will be +/-500 for the University of Oregon and Oregon State University, +/-350 for Portland State University, +/-200 for Southern Oregon State College, and +/-150 for Western Oregon State College and Oregon Institute of Technology.

3. A new mid-point will be established when actual enrollment is outside the established corridor for two successive years. The new mid-point will be the average of the last three years of actual enrollments, to provide gradual adjustments in responding to enrollment trends.

4. Funding adjustments will be made on the basis of the change from the mid-point of the old corridor to the mid-point of the new corridor.

5. Appropriate adjustments will be made to institutional budgets related to deviations from budgeted Systemwide instruction fee income.

WTL:j1
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