MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
July 24, 1987

MINUTES APPROVED

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STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING HELD IN ROOM 338,
SMITH CENTER, PORTLAND STATE UNIVERSITY,
PORTLAND, OREGON

July 24, 1987

Meeting #552
A regular meeting of the State Board of Higher Education was held in Room 338, Smith Center, Portland State University, Portland, Oregon.

ROLL CALL
The meeting was called to order at 10:30 a.m., July 24, 1987, by the President of the Board, Mr. James C. Petersen, and on roll call the following answered present:

Mr. Robert R. Adams
Mr. John W. Alltucker
Mr. Gene Chao
Mr. Mark S. Dodson
Mr. Richard F. Hensley

Mr. Michael W. Hermens
Mrs. Janet S. Nelson
Mr. George E. Richardson, Jr.
Mr. James C. Petersen

Absent: Mr. Perry was absent for business reasons, and Mr. Crowell was ill.

OTHERS PRESENT
Centralized Activities—Chancellor William E. Davis; Secretary Wilma L. Foster; W. T. Lemman, Executive Vice Chancellor; Lawrence C. Pierce, Vice Chancellor, Academic Affairs; John Owen, Vice Chancellor, OCATE; Wil Post, Vice Chancellor, Public Affairs; James Mattis, Assistant Attorney General; Melinda Grier, Compliance Officer; R. S. Perry, Associate Vice Chancellor, Administration and Planning Services; Joe Sicotte, Associate Vice Chancellor, Personnel Administration; W. C. Neland, Associate Vice Chancellor, Facilities Division; Davis Quenzer, Associate Vice Chancellor, Fiscal Policies; Roger Olsen, Director, OCATE; Ray Hoops, Associate Vice Chancellor, Academic Affairs; James Payne, Assistant in Student Services, Academic Affairs; Barbara Barrie, Personnel Officer; Jim Sellers, Director of Communications; Kimberly Carnegie, Public Affairs Assistant; Pat Wignes, Assistant Board Secretary.

Oregon State University—President John V. Byrne; Walter Rudd, Chairman, Computer Science.

University of Oregon—President Paul Olum; Dan Williams, Vice President for Administration; Richard J. Hill, Provost; Barry Siegel, President, UO-AAUP.
Oregon Health Sciences University—President Leonard Lasser; David Witter, Director, University Hospital; Lois Davis, Assistant to the President; Ralph Tuomi, Assistant Vice President, Facilities Management; Linda Hinds, Budget Director; R. Quinton Cox, Faculty Member.

Portland State University—President Natale Sicuro; Roger Edgington, Vice President, Finance and Administration; Michael Reardon, Associate Vice President, Academic Affairs; Phil Bogue, Assistant to the President; Tom Pfingsten, Library Director; John E. Anderson, Director, Financial Aid; Jon Joiner, IFC Member; Cliff Johnson, Manager, News Bureau; John W. Stephens, Assistant to the President and Director of Public Affairs; Judith E. Nichols, Vice President, Development; K. C. Diman and Bernard Ross, Vice Provosts; Jack C. Finley, State President, American Association of University Professors; John Daily, Assistant Professor; Maureen Orr Eldred, OIRP.

Eastern Oregon State College—President David Gilbert; James Lundy, Dean of Administration; James Huttois, Dean of Academic Affairs.

Oregon Institute of Technology—President Larry Blake; John Smith, Dean of Administration; Chris Eismann, Dean of Academic Affairs; William W. Smith, Special Assistant to the President.

Southern Oregon State College—President Joseph W. Cox; Ronald Bolstad, Dean of Administration; Sheldon Rio, Interim Dean of Academic Affairs.

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

Others—John Governale, Lisa Horowitz, Bob Jenks, Maureen Kirk, and Tom Novick representing OSPIRG; Rachele Fomanek and Mike Soverwein, University of Oregon students; Karen Gaffney, Vice President, ASUO; Debbie Lincoln, Fiscal Analyst, Executive Department; Sherry Oeser, Executive Director, Oregon Student Lobby; Ed Patterson, Vice President, Oregon Association of Hospitals; Steve Forrey, Analyst, Legislative Fiscal Office; T. K. Olson, Executive Director, Oregon Educational Coordinating Commission; Don Shore, Oregon Education Association; Gene Enneking, representing Association of Oregon Faculties; Jette Siegel, Executive Secretary, State Conference, American Association of University Professors.

MINUTES APPROVED

The Board dispensed with the reading of the minutes of the last regular meeting held on June 19, 1987, and approved them as previously distributed, with the following voting in favor: Directors Adams, Alltucker, Chao, Dodson, Hensley, Hermens, Nelson, Richardson, and Petersen. Those voting no: None.
Report on Intercollegiate Athletics in OSSHE

Staff Report to the Board

The intercollegiate athletic programs of the state colleges and universities of Oregon are characterized by strong leadership, integrity, sound academic standards, and high achievement by student athletes in academic as well as athletic arenas. Further, the athletic policy adopted and implemented by the Oregon Board of Higher Education in 1983 is one of the best in the country.

Oregon's state institutions compete on three levels of intercollegiate athletics:


2. National Collegiate Athletic Association (NCAA), and the Western Football Conference, Division I-AA football, Division II for selected other sports: Portland State University.

3. NCAA, PAC-10 Conference, Division I: University of Oregon and Oregon State University.

In addition to differing levels of competition, there also are differences in the way athletic programs are funded. Thus, discussion of the problems and possible options for solutions are divided into three components.

1. NAIA and Evergreen Conference

WOSC, SOSC, EOSC, and OIT belong to the National Association of Intercollegiate Athletics and compete in the Evergreen Conference. They have no athletic grant-in-aid or scholarship program. Any financial aid to athletes is based on need and is a part of the overall financial aid program of the institution. Incidental fee allocations and the institutional budgets are the chief sources of funding for the programs, supplemented by modest contributions from booster clubs. Gate receipts defray only a small portion of the costs.

The athletic teams from these schools, however, are very competitive at their level of participation, consistently ranking among the best in the nation. They generally have excellent coaching, good facilities, and enthusiastic participation.

At the top of the athletic funding priorities for these institutions, the athletic directors requested supplemental funds for the school financial aid program. With present
limitations, these funds often are fully committed by March of a calendar year. This leaves virtually no funds to provide financial aid based on need to new students entering in the fall semester.

Thus, one way to strengthen the programs at these NAIA institutions would be to allocate $75,000 to each school in tuition waivers as a part of the total financial aid package.

2. NCAA and Division I-AA and Western Football Conference

Portland State University has an intercollegiate athletic program that is still in transition. Participating in Division I-AA football, it has a limitation of 55 football grants-in-aid (compared to 95 in Division I at UO and OSU). It has no men's basketball program, and only selected participation in other sports on the NCAA Division II level. Review of the program with possible adjustments currently is underway under the leadership of newly appointed President Natale Sicuro.

3. NCAA and Pacific 10 Conference

At the University of Oregon and Oregon State University, teams and individuals, at appropriate levels of competition, generally are highly competitive. The glaring exception is football, where in recent years the Oregon teams consistently rank in the bottom half of the league.

By contrast, men and women from these two universities participating in track, tennis, golf, basketball, men's wrestling and baseball, and women's softball and volleyball in the past four years have earned championship laurels in PAC-10 and national competition.

The sad commentary on Oregon intercollegiate sports at its two Division I universities is that with the exception of men's basketball, all of these sports are dependent upon revenues from football for their support—indeed, sometimes for their very existence.

The time has come, however, when football revenue no longer is sufficient to carry the total load.

Cutting more sports is not an answer to meeting the budget. Both the University of Oregon and Oregon State University are near the minimum number of sports to maintain membership in the PAC-10 or Division I of the NCAA.

Cost containment in budgets which already are the lowest in the PAC-10 could cost contain the athletic programs into bankruptcy if there is further deterioration in football revenues.
Dropping out of the PAC-10 for these schools would exacerbate the problem. PAC-10 membership alone accounts for more than $2 million from football revenues (Conference share from the Rose Bowl and other Bowl appearances of Conference teams [6 in this year]; television receipts; and large guarantees from away games).

Scaling back expenditures in football would make these schools even less competitive. (See Attachment D).

My personal and professional opinion is that in Division I, the University of Oregon and Oregon State University have excellent football coaches, and, given anywhere near equal support and resources, could prepare their teams to compete successfully with the best in the country. But, unless their programs receive help by being relieved of some of the responsibility of supporting a major portion of the total athletic budget, Oregon football will never be consistently competitive in the PAC-10.

Options for providing relief to the football programs and making the total athletic programs less dependent on gate receipts are:

(1) Seek general fund dollars to specifically fund women's athletics and fulfill the obligation to Title IX of the federal law.

Cost: $1.2 million University of Oregon

Cost: 1.2 million Oregon State University

(Comment: The University of California and UCLA use general fund dollars to subsidize the women's programs.)

(2) Utilize Board authority to waive nonresident instructional tuition for athletes.

Cost: $350,000 each Oregon State University and University of Oregon

Cost: 200,000 Portland State University

Cost: 15,000 each OSOC, WOSC, OIT

(Note: EOSC has no nonresident tuition)

(3) Utilize Board authority to waive instructional tuition for athletes up to the following amounts for each designated institution.

Cost: $500,000 each Oregon State University and University of Oregon

Cost: 300,000 Portland State University

Cost: 50,000 each OSOC, WOSC, OSOC, OIT
(Comment: Most western states provide some type of tuition waiver. The exceptions are Oregon, California, Nevada, Hawaii and Washington. See Attachment E.)

(4) Change Board policy which now prohibits paying coaches’ salaries at the three universities from general funds and authorize a specific amount per school for salaries.

Cost: To be determined.

(Comment: With the exception of Oregon, all other states in the west have some salary support for athletic programs. See Attachment F.)

University of Oregon and Oregon State University officials reason that they have more than dollars to lose if they are forced to leave the PAC-10 Conference. Leaders from both institutions place high value on the academic relationships as well as the athletic affiliation with some of the nation’s most prestigious universities.

In academics as in athletics, there has to be a decision as to which league you want to play in. The Board and the two Division I universities are faced with such a policy decision at this time. If, as stated in the Board’s policy, athletics are an integral part of the total educational process, then surely these programs, particularly the non-revenue programs, deserve Board support.

Somehow it seems basically wrong that continued participation in the PAC-10 Conference, and, the financial support of the women’s sports and the men’s non-revenue sports, should be solely dependent upon gate receipts generated by football. If there is an unhealthy emphasis on the commercialization of intercollegiate football, it begins here. This is Oregon’s opportunity to begin getting its major programs back in balance.

In conclusion, it is my opinion that the Board should consider and adopt fiscal policies for intercollegiate athletics which would:

(1) Assure that the benefits would accrue to the student athletes through stable financial aid programs.

(2) Upgrade the non-revenue sports by providing the full complement of grants-in-aid (as opposed to partial grants).

(3) Give some relief to the dependency on revenue from football and basketball gate receipts, thus reducing the commercial pressure on winning.
It is my recommendation to the Board that:

(1) Division I NCAA football and basketball at the University of Oregon and Oregon State University continue to be self-sustaining.

(2) The Board authorize the institutions to waive nonresident instructional tuition for student athletes up to the following amounts:

- $350,000 each Oregon State University and University of Oregon
- 200,000 Portland State University
- 15,000 each SOSC, WOSC, OIT

(3) These authorizations become effective for the 1987-88 academic year.

(4) The present policies of financial support for the NAIA institutions be continued.

(5) Any state system institution proposing a change in level of competition or adding or dropping a sport must have prior approval of the Board.

(6) The Board annually review the intercollegiate athletic fiscal policies, and, as resources might be available, consider at the appropriate time tuition waivers for student athletes in all Division I sports.

The Chancellor reviewed the attachments mentioned in the report. Copies are on file in the Board's Office. They included the following:

A Update - Summary of Board of Higher Education Involvement in Intercollegiate Athletics
B Annual Total Dollars Budgeted and Expended for Athletics, 1981-87
C Mission Statement - University of Oregon
D PAC-10 Institutional Athletic Budget and Number of Sports
E Some Type of Tuition Waiver for Student Athletes in state-supported Division I Institutions in the West
F Some Type of Salary and/or General Fund Support for Athletic Programs in State-supported Division I Institutions in the West
G Letter from Oregon Student Lobby, December 16, 1986
Discussion and Recommendation by the Committee

Mr. Petersen said there had been considerable discussion about athletics in the State System of Higher Education at all levels of competition with respect to the funding thereof, the problems relating to PAC-10 conference participation, and the problems relating to competition in the regional colleges. He indicated the Board had discussed during its retreat a year ago the intercollegiate athletics situation. It then adopted a statement which, in essence, supported intercollegiate athletics and directed the Chancellor to present a plan for action to enhance the State System's competitive level in all sports at all schools. The meeting of the Committee of the Whole was called in order to allow adequate time for presentations from each of the seven institutions participating in intercollegiate athletics. He requested the Chancellor to present the staff report and comments.

In presenting the recommendations, the Chancellor commented that it was intended existing resources would be used to fund the requested authorizations. He said continuation of the present policies of financial support for the NAIA institutions referred to support for the salaries of coaches and other expenses as it exists at the present time.

The requirement for prior Board approval of proposals for changes in levels of competition or for adding or dropping a sport is intended to provide an opportunity for consideration of any fiscal impact which might result.

Mr. Petersen then requested Dr. Lynn Snyder, Director of Athletics at Oregon State University, to begin the presentations from the institutions.

Oregon State University

Dr. Snyder said he had been pleased with the Chancellor's presentation. He said he believed a well-run athletic program was beneficial to institutions of higher education. Respected programs attract interest to the university, encourage the continued participation of alumni, and provide opportunities to many young men and women who would not have the financial means or the desire to attend institutions of higher education if it were not through athletic participation. He stated he believed Oregon State University's affiliation with the PAC-10 conference was at least as beneficial academically to Oregon State University as it was athletically. For this reason, he said it was his opinion that it was important that the State of Oregon make the necessary commitments to ensure a comprehensive athletic program and continued affiliation with the PAC-10.
Dr. Snyder explained that only 110 of the 461 participants in intercollegiate competition competed in football and men's basketball. However, budget constraints of recent years have more directly affected non-revenue sports and there have been cutbacks in program offerings all across the country. Dr. Snyder said he viewed this reduction in opportunities as unfortunate.

The athletic mission of Oregon State University is to provide opportunities for athletic competition at the PAC-10 level and to recruit student athletes who represent the institution and the state in a positive manner. In addition, it is critical to fund the two revenue-producing sports, football and men's basketball, to the level necessary to continue to produce revenues for the entire athletic program.

Dr. Snyder commented on funding sources at Oregon State in comparison to similar programs elsewhere in the country. The program at Oregon State is lacking in two critical areas, facilities and support of non-revenue programs. Most programs have been provided athletic facilities through state appropriation or the student building fees. Most programs were also provided state funds to subsidize women's and other non-revenue programs when the push came for equal opportunity for women in intercollegiate athletics. This was not the case at Oregon State University. The budget situation also has deteriorated due to the shrinking of constant revenues, most notably television rights, and the steady increase in costs. This has a direct impact on ability to support coaches and athletes properly. He noted further significant budget reductions would be required without some state assistance.

Dr. Snyder cited the significant economic impact of the athletic program.

Dr. Snyder said the department of intercollegiate athletics was performing a fundamental service for the students and citizens of Oregon and, not unlike other departments, deserved some level of state assistance. He said he hoped the state could both recognize the financial dilemma facing the athletic program and provide some form of financial assistance.

Mr. Bob Mumford, president of the Associated Students of Oregon State University, indicated students were very supportive of the athletic department. They feel it is an important part of the overall university experience and contributes socially, academically, and to their pride in the institution. The student fees committee has maintained the same level of funding, $15 per student, for the past three years. This amount was deemed to be
an appropriate level for all students to contribute to the athletic department, regardless of whether they benefit directly from the program. A user fee or ticket price has been instituted for those who benefit most directly.

In addition to students, faculty and the citizens of Oregon benefit from the athletic program. Dr. Snyder has been cooperative in bringing the faculty contribution to the athletic department through ticket prices to a level comparable with other PAC-10 institutions. Mr. Mumford said students feel all Oregonians benefit economically and have a pride in Oregon's PAC-10 schools, but students are the only ones taxed to support the program. The students at Oregon State University desire to maintain the PAC-10 affiliation, but they feel that the appropriate student contribution level has been reached. If greater funds are needed to maintain these goals, other sources of funding must be found. The student fees committee at Oregon State University has made it clear that incidental fees will not act as a tool to balance the athletic budget in the future.

University of Oregon

Miss Kasey Brooks, president of the Associated Students of the University of Oregon, expressed appreciation for the opportunity of addressing the Board on the issue of athletic funding because it was a very important concern for students. She indicated that students at the University of Oregon had chosen to dig into their own shallow pockets to support their athletic programs when they became aware this spring of the financial situation their sports were facing. She reported that the athletic funding measure calling for a 49% increase in student funding ($6.55 per student per term for a total of $1,155,000) had garnered more votes in its support than any single candidate running in the student election. This measure guaranteed the athletic department an additional $200,000 more than student ticket sales would have netted if student seats were sold out at every athletic event of the year. She cautioned that incidental fee increases were only a temporary solution to the funding problem because financially overburdened students cannot be asked to absorb continually these mounting costs.

In conclusion, Miss Brooks said the pride and reputation the University of Oregon students have demonstrated they believe is inherent in being a part of the PAC-10 conference could not be taken lightly and could only be enhanced by some sort of economic support to increase the chances of being competitive.

Mr. Bill Byrne, Athletic Director at the University of Oregon, said intercollegiate athletics had produced some very good teams during the 1950's and 1960's. Those sports which are currently funded well are doing well, and those which are not funded well are not doing very well.
He cited funding changes in television receipts and in PAC-10 rules with respect to minimum guarantees and shares of gate receipts as contributing factors to the funding problem. In addition, the moral and legal mandate to fund women's programs has increased the financial problem.

Mr. Byrne then described the sports which were doing well and were funded well and also some of the activities designed to provide additional revenue. He also cited cooperative efforts with Oregon State University.

He said he was pleased with the Chancellor's proposal but it would not be an instant cure because the athletic programs have fallen behind over a 20-year period. It will take time for them to rebuild. It will be essential to improve facilities and to broaden the recruiting base.

**Portland State University**

Mr. Dave Coffey, Director of Athletics at Portland State University, said a 14-member ad hoc committee had been appointed by President Sicuro to recommend a course of action for the future of athletics at the institution. The committee is comprised of a broad-based representation of students, faculty, and members of the community. It has been charged with considering all options available for intercollegiate athletic competition. The recommendation will be submitted in mid-October to the full university advisory board and that board will submit a recommendation to the president by December 3 for his consideration and transmittal to the Board of Higher Education.

Mr. Coffey said he had prepared for the ad hoc committee a list of options which might be available for the intercollegiate athletic program. He reviewed these options and indicated they were listed in the folder distributed to the Board.

He said that since the ad hoc committee had convened, it might be premature for him to comment publicly at this time with respect to Portland State University.

Mr. Tod Northman, president of the Associated Students of Portland State University, indicated that students at Portland State pay the greatest percentage for athletics from the incidental fee committee in comparison to the other universities. Approximately 37% of the athletic budget comes from the incidental fees.

Mr. Northman said the incidental fee committee had considered a proposal which, over a ten-year period, would greatly reduce the student commitment but would increase the percentage of support substantially at the present time. The intent was to provide the athletic department with needed capital to generate revenue. He
said he supported that idea. The athletic department needs the resources to generate revenue so that the incidental fee commitment can be reduced, or the institution needs to disband the athletic program or go to a lower division of competition.

Copies of materials providing additional information with respect to athletics at Portland State University were distributed.

**Eastern Oregon State College**

Ms. Peggy Anderson, Athletic Director at Eastern Oregon State College, reported that Eastern Oregon State College sponsored nine varsity sports and four junior varsity intercollegiate programs. She distributed a summary of income and expenditures for the previous two years and a projection for 1987-88. Incidental fees provide 80% of the department's income, which is 42% of the total incidental fee allocation at Eastern. This represents a substantial percentage reduction since 1981-82 and reflects the efforts to develop alternative ways of funding the athletic program.

Ms. Anderson indicated there was an average of slightly under 300 athletes in the program and then reviewed the budget information distributed to the Board.

She said the major problems were competitiveness, community and regional support, and the academic progress of athletes. In addition there are staffing problems with respect to assistant coaches and adequate office help. The process of solving each of these problems is under way with the aid of administrative support, an aggressive fund-raising campaign, and use of existing programs to assist with academic issues.

The best help to improve competitiveness would be money for need-based financial aid packages to assist in football, and men's and women's basketball.

**Southern Oregon State College**

Mr. Chuck Mills, Director of Athletics at Southern Oregon State College, said there was an intrinsic value to athletics in any school although the priorities may be different because of the particular situation at a given institution. He described the student athletes at Southern.

The preparation of teachers is one of the important aspects of the intercollegiate athletics program at Southern Oregon State College.
Southern Oregon State College has had a rather long established relationship with one of the Japanese universities. As a result, the Schneider Museum received considerable financial support and art contributions. In addition, one of the football players with a business major will be assuming a job in Japan with a Japanese company.

Mr. Mills asked that the Board continue support of the coaches' salaries at the regional colleges from General Fund resources. In the 1981-1983 biennium, it was recommended that the coaching salaries be taken from the General Fund category and paid from incidental fees. Southern Oregon State College did this and eight sports were dropped, resulting in the loss of at least 100 athletes. It creates animosity between the students and the athletic department because the students feel they are paying the salaries of the coaches.

Mr. Mills said the president and vice president of the student association were unable to be present, and he read a letter which they had prepared. They referred to the budget situation which Mr. Mills described above with respect to the 1981-1983 biennium and mentioned that many students object to the proportion of the incidental fee allocated to athletics in comparison to the funds allocated for educational activities.

The student body officers recommended an increase in the number of individual sports so that more students would be able and interested in participating in the sports program. There must be an increase in the funds allocated to the educational activities budget. They supported the removal of personnel salaries and related costs from the incidental fees budget to an increased General Fund contribution. They said this action by the Board would greatly serve the goals of higher education and greater personal enrichment that were the aims of the Board and Southern Oregon State College.

Western Oregon State College

Mr. Dave Sonnen, 1986-87 president of the Associated Students of Western Oregon State College, said incidental fee dollars were a major support for the athletic programs at Western. The incidental fee committee has been very supportive of the athletic program and its budget. He cited instances of additional funds granted to the program by the incidental fee committee to meet special needs. A fixed and variable cost budget has been developed. The fixed costs are those required to operate the athletic programs each year. The variables are extras that would be nice in order to make the program work a little better. It has been possible to fund quite a few of the variable items this year, largely as a result of the increased enrollment.
There are currently six men’s and six women’s athletic programs in addition to four junior varsity level sports. He noted that all of the coaches were also teachers. Therefore, they are part of the academic program of the institution.

Mr. Sonnen expressed concern about granting the tuition waivers to nonresident students and the message this might convey with respect to the value of the in-state athletes.

Dr. Jack Rye, Director of Athletics at Western Oregon State College, said the Board should be aware that the State System’s colleges were well respected nationally at the NAIA level. He said the history of intercollegiate athletics at Western would show that during the time former Chancellor Lieuallen was the president at Western and Dr. Robert Livingston was the director of athletics, a philosophy was proposed and accepted that would make intercollegiate athletics an integral part of the educational mission of the institution. The athletic program was to be as broad-based as possible, and there were efforts to equalize the opportunity of participation for men and women.

Dr. Rye said the organization of the NAIA was quite different from the NCAA in that, with the exception of football, all the NAIA schools that sponsor sports compete together. A small school might find itself competing with an institution having a much larger enrollment. There is also a variation in the levels of support even at schools within the same division. Some have scholarships or athletic talent grants to augment the financial aid packages of students. He described the district championships and other recognition received during the past year.

Dr. Rye suggested the Chancellor consider the possibility of reviewing the scope of the programs and the commitment of the institutions to intercollegiate athletics with a view to the possibility of allocation based on the number of sports sponsored and concerns about financial aid for a larger number of students. He also urged consideration of a tuition waiver for all students or, at least a heavy focus on the resident students. He expressed support for General Fund support for the coaching staff who are actually teacher coaches with a primary assignment in the classroom rather than as coaches.

Oregon Institute of Technology

Mr. Howard, Director of Athletics at Oregon Institute of Technology, said he appreciated the efforts and concerns to help the problems being faced in the athletic programs.

He said the incidental fee committees have been very cooperative in helping to maintain the athletic programs in the State System.
over the years. There has been a very positive relationship, and they are a current source of funding. However, in comparison with other states, the State System is archaic. While there are elements of entertainment and public relations, the athletic programs are in the business of education, and the coaches are teachers. He urged the Board to place them in the area of education by funding the programs out of General Fund dollars. He then described some of the special budget problems at Oregon Institute of Technology and some of the recent accomplishments of its athletes.

Mr. Howard said he was elated with the Chancellor’s proposal because Oregon Institute of Technology had a number of out-of-state students and could use the funds very positively. It would be helpful to receive a larger percentage.

Financial aid is a major problem. Because of increased enrollment the percentage of available money is less and often is allocated by February or March. This places the baseball coaches in a very difficult situation because money is no longer available by the time the baseball players decide on an institution.

Facilities represent another area of need, again due to enrollments larger than those planned when the campus was built and the wide use of those facilities.

Mr. Howard said the total program at Oregon Institute of Technology enhanced the lives of 250 to 300 athletes each year and enhanced the total campus community. It contributes a great deal to the community. He urged the Board to enhance the program so that it would be a bigger, stronger part in the educational community.

Mr. Petersen said the Legislature had prohibited only the paying of coaches’ salaries at the university level. It did not speak to the issue of salaries for college coaches nor prohibit those salaries being paid from General Fund resources. Any such allocations or reallocations at the college level have been internal decisions and were not directed by either the Legislature or the Board.

The Chancellor said the prohibition against spending General Fund revenues on athletics at the universities was a Board policy and not a state statute. The colleges are not prohibited from expending state funds on salaries for coaches or in support of the athletic program, other than by the dictates of good taste and good judgment. In response to the request from Western that the allocations reflect the number of sports and the commitment of the institution, the Chancellor said these factors represented an institutional decisions. The purpose of the discussion was not to set specifically the institutional athletic budgets but to try to get some relief through tuition waivers in the form of financial aid for the athletes.
The Chancellor said the intent of the proposal was to identify an amount of money which would be applied to the institutions in the form of relief. He indicated he would be willing to allocate a sum to each institution in terms of a waiver of tuition that could be applied to either resident or nonresident students.

Mr. Alltucker said he would be interested in knowing what was included and excluded from the figures presented in the comparisons. He said he would like the total financial investment in athletics, regardless of the source of funds, and what the percentage of that investment is of the total financial commitment of the institution.

After further discussion of the data available, the Chancellor indicated he would try to provide Mr. Alltucker with a summary of information relating to his request.

In response to questions from Mr. Hensley, it was indicated that both Oregon State University and the University of Oregon received about $2 million annually in contributions. The percentage of income from incidental fees differs because the students voted to increase the incidental fee contribution for athletics at the University of Oregon.

Mr. Hensley then asked Dr. Snyder and Mr. Byrne how they would use the additional funds if they were approved. Both agreed they would be used for women's athletics and the non-revenue sports. At the University of Oregon, this money will offset revenue from the football program that is being used in those areas now. Some may be used for debt retirement. At Oregon State University, it will provide financial stability but will not be used for debt retirement immediately. Interest will continue to be paid on the money borrowed from the student housing reserve funds.

Dr. Snyder said he believed it was essential to maintain at least a 10% reserve because estimates on gate receipts and on contributions were not infallible.

Mr. Richardson asked the Chancellor to elaborate further on the matter of the waiver of nonresident tuition with respect to why resident students were not included and how the amounts were determined.

The Chancellor said the $350,000 was a rough estimate of the nonresident tuition under the present allocation, based upon figures for the last two or three years at both the University of Oregon and Oregon State University. Proposing that it apply to nonresidents was similar to the policy in many states and also to the waiver for nonresidents in the reciprocal agreement with the State of Washington. The Chancellor said it would probably benefit the colleges to remove nonresident and simply call it a waiver of tuition. The dollar amount and the help would be the...
same to the institutions, and Eastern Oregon State College could be included in the package. He said he would favor removing the nonresident and allow the institutions the discretion of applying no more than the designated amount of dollars toward the financial aid or waivers.

Mr. Petersen pointed out that the figures suggested were annual amounts rather than an amount for the biennium.

Mr. Hermens asked whether these waivers, along with the minority student waivers and the reciprocity with the State of Washington, would have a major impact on tuition, causing the Board to raise tuition or adjust it in any way in the foreseeable future.

The Chancellor indicated he would not expect this alone to cause a tuition increase. He indicated the unrealized income as a result of the reciprocity program had been absorbed as part of the total budget. Mr. Lemman pointed out that the number used in the reciprocity program was an estimate of what would be received in nonresident fees if all students coming under the reciprocity program had actually come and paid the nonresident fee. The loss of income is actually somewhat less because there is a gain in resident tuition from some of the reciprocity students who would not have come at the nonresident rates.

Mr. Alltucker asked what the consequences would be if a decision were not reached immediately on this proposal. Mr. Byrne said he believed it was time the State of Oregon sent a message that it was going to support intercollegiate athletics. Intercollegiate athletics would benefit from taking a strong stand immediately.

Mr. Petersen said the Board had adopted a formal statement after extensive discussion at its retreat in November of last year. The resolution adopted by the Board stated that it was incumbent to do something soon with respect to intercollegiate athletics. He said he believed the Board had sufficient data and had a proposal which at least would begin to address the questions that have been raised. He said he felt some compulsion to move forward.

Mr. Hensley moved that the Committee recommend Board approval of the Chancellor's recommendations with the following changes: Recommendation 2 would change the amount of support to the four regional colleges to $25,000 and add after the amounts the words "per year;" a seventh recommendation would be added to establish a Board policy that transfers made from other funds to athletic departments or programs must have prior Board approval. The motion was seconded by Mrs. Nelson.
Mr. Alltucker said if he understood the motion it would establish Board policy that would continue into future years and he was troubled by that because the Board had not addressed as yet the overall policy statement of the proper role of intercollegiate athletics on the various campuses.

The Chancellor commented that the Board had reviewed the whole athletic policy and cited the minutes included in the materials distributed. In addition, the programs have been monitored each year.

Mr. Alltucker said this assumed the proposal complies with the present Board policy and some felt that policy should be changed substantially.

Mr. Hensley said he agreed in principle and believed it was very important to continue the policy of periodic review of academic records of student athletes and athletic programs in relation to athletes in order to make certain student athletes were being educated and graduated as are students in other academic fields.

Mr. Alltucker indicated he could accept the proposal with the understanding it would be reviewed in a year to determine whether it still was consistent with any statement on intercollegiate athletics in the long-range plan.

Mr. Chao said he could support that review but he believed the Board should act on the proposal at the present time. Mr. Chao added the Board was spending money in this proposal that could be used elsewhere. It should also start looking for places to save money, especially if the plan continues in future years.

Mrs. Nelson asked whether the amount for Portland State University would affect the options available during its review of its athletic program. The Chancellor responded that he had reviewed Portland State's program and believed the amount would meet the existing needs and provide some flexibility. The amount was based on a variety of assumptions and a review of present and possible expenditures.

The Chancellor said the Board did have an athletic policy but he agreed with Mr. Alltucker that it should be reviewed annually along with the fiscal policy.

Mr. Petersen said the consensus of the Committee appeared to favor the addition of an Item 8, as suggested by Mr. Hensley, which would require an annual review of the intercollegiate athletic policy and the proposal being recommended to the Board for approval.
In response to a question from Mr. Crowell, Mr. Alltucker said he would anticipate an extensive review the first year. In subsequent years, the Board would review the athletic situation in the PAC-10 and elsewhere in the country.

Mr. Crowell asked whether the prohibition against the transfer of funds to the athletic department without prior Board approval would apply to incidental fee money. Mr. Lemman indicated it would not because it did not represent a transfer from another fund.

President Sicuro indicated the situation at Portland State had been unique and had been changed so that it would be similar to the procedures at other institutions through the process of the incidental fee committee requesting the allocation of any of the overrealized funds to any activities funded from that source.

Mr. Crowell said his intention would be to restrict the taking of money by the athletic department without the direction coming from the students. He indicated that could be dealt with as a separate issue.

The Committee recommended that the Board adopt the motion as presented.

Mr. Petersen requested Mr. Hensley to present the report and recommendation to the Board. He said he believed the Committee had made a very significant decision. He asked the Chancellor to prepare a response in advance to the anticipated questions the Board would receive as a result of its action.

**Board Discussion and Action**

Mr. Hensley presented the Committee report and recommendation. The recommendation included approval of the Chancellor's six recommendations, with a modification of the second to change the amount for the regional institutions from $15,000 to $25,000 and to designate all amounts as annual figures. The Committee also recommended approval of two additional points:

7. All transfers of funds from student funds to the athletic programs receive prior Board approval and that an annual report be presented to the Board on the repayment of the transfers.

8. The Board annually review this program to determine its effectiveness.

The Board approved the Committee recommendation. The following voted in favor: Directors Adams, Alltucker, Chao, Dodson, Hensley, Hermens, Nelson, Richardson, and Petersen. Those voting no: None.
### CHANCELLOR'S REPORT

#### Legislative Summary

The Chancellor expressed gratitude to the Governor and the Legislature for their support of higher education, particularly the emphasis on the Centers of Excellence which continues the commitment to developing the research and service abilities on the college and university campuses. The Chancellor also indicated he was pleased with the capital construction budget. It gave authorization for $104 million of new construction through an appropriation of approximately $65 million for facilities, plus bonding capacity and the opportunity to leverage these funds with outside grants and support.

The Chancellor said the Basic Allocation System had facilitated the allocation of resources to the respective institutions so that their budgets could be finalized. He said the salary distribution has not been finalized as yet, and this issue would be addressed during a subsequent item in his report.

#### K. Faircloth, Appointment as Dean of Students, WOSC

The Chancellor announced the appointment of Dr. Kathleen Faircloth as Dean of Students at Western Oregon State College. She is presently the Vice Chancellor for Student Affairs at the University of North Carolina in Charlotte. She will assume her new duties on August 29 at an annual salary rate of $48,504.

#### Introduction of F. Martino & J. Nichols, PSU

The Chancellor introduced Dr. Frank Martino, the new provost at Portland State University, and Dr. Judith Nichols, the new vice president for development at Portland State University. The Chancellor welcomed them to their first Board meeting.

#### M. Dobson, Resignation as Executive Vice President, PSU

The Chancellor said he had received from President Sicuro a letter stating that he had received and accepted the resignation of Dr. Margaret Dobson as Executive Vice President. She will continue in a teaching role on a part-time basis.

President Sicuro, with the concurrence of the Chancellor, recommended that Dr. Dobson be given the title of executive vice president emeritus.

The Board approved the recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Chao, Dobson, Hensley, Herrmens, Nelson, Richardson, and Petersen. Those voting no: None.

#### Organizational Structure, PSU

The Chancellor presented a request from President Sicuro for a change in the organizational structure at Portland State University. In order to consolidate the academic affairs and the student affairs functions for the institution under the new provost, it was requested the position of vice president for student affairs be abolished and that the Board acknowledge the establishment of a vice provost for student affairs. Orcilla Forbes would continue as the chief student affairs officer under the provost.
The Chancellor recommended that the Board approve the request.

Mr. Petersen said he understood that the organizational plan had been implemented and inquired why the proposal was brought to the Board simply for a pro forma approval.

President Sicuro said there had been some confusion as to the Board's requirements for such actions and this has been clarified subsequently.

Mr. Petersen said he had mentioned the matter to make it clear the Board wanted to have an opportunity to review such changes prior to implementation.

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

The Chancellor reported that President Byrne requested Board approval to request from the Emergency Board $500,000 to match funds put forward by the Oregon Wheat Commission for the establishment of an endowed chair in wheat research.

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

Staff Report to the Board

House Bill 5061 contains the appropriation for all State employees' salary and benefit increases for 1987-89.

Section 1 of the Bill provides funds to increase the salaries of all State employees by 2% in 1987-88 and an additional 2% in 1988-89. There are also funds to cover a 7% increase in medical insurance costs and a 5% increase for dental insurance costs in 1987-88 and additional 8% and 6% increases respectively for 1988-89.

Section 2 of the Bill provides $10 million of General Funds to supplement the increases provided by Section 1 for unclassified employees.

Section 3 of the Bill appropriates $10 million for pay equity adjustments. The allocation of these funds will be decided upon the completion of collective bargaining with unions representing classified employees. The appropriation will have no effect on salaries of unclassified academic employees.
For the convenience of the Board, Section 2 of House Bill 5061 and the Budget Report related to Section 2 are quoted in full below:

"SECTION 2. In addition to and not in lieu of any other appropriation, there is appropriated to the Emergency Board the amount of $10,000,000 out of the General Fund for the purpose of funding merit-oriented increases for Department of Higher Education unclassified academic employees for the biennium beginning July 1, 1987."

"Unclassified Academic Employees"

"The Subcommittee approved the Governor's recommended $10 million General Fund and $1.4 million Other Funds for academic employee salary adjustment. The Governor's recommended distribution of the funds is on a merit basis. The Subcommittee directed that about $8.8 million of the funds be used across-the-board for all academic employees except those administrators (as defined by the Board of Higher Education) whose salaries exceed $60,000 a year. The following distribution guidelines were approved by the Subcommittee and it is understood that the Board of Higher Education agrees to administer the salary increases in accordance with this approach.

"BUDGET NOTES:"

- The distribution of the $8.8 million will be across-the-board with the salary increase applied proportionally to ranks falling below the national average. The differential between nine-month and 12-month, and universities and college employees will be recognized.

- The Board will return and share the distribution table at the first meeting of the Emergency Board held after July 1, 1987.

- The amounts of money shall be allocated to the institutions throughout the Department on the basis of these increases but specific amounts are subject to collective bargaining where appropriate.

- Employees who have the equivalent to academic rank, such as those in student services, are to be included in the distribution. This group includes graduate teaching and research assistants.

- Those employees who are performing unsatisfactorily may be eliminated from both the two percent increases as well as the additional increases.
The funds remaining after distribution of the $8.8 million may be used for merit increases and will be allocated to institutions according to the size of their salary base.

If tuition revenue beyond the $167 million projected in the Education and General Program is realized, the Department will report the amount and what is expected to be done with it to the Emergency Board prior to completion of the Governor's 1989-91 budget recommendations. It is understood that additional salary increase will be an item for discussion if this situation arises.

It is the intent of the Subcommittee that the Department of Higher Education compare the results of the collective bargaining process for represented classified employees generally and report to the appropriate legislative review agency with a discussion of further academic salary adjustments if such are deemed to be necessary to preserve the relationships established by action of the Legislature in the 1987 Regular Session."

The Board will note that the language in the statute states that the $10 million is "for the purposes of funding merit-oriented salary increases" while the Budget Report proposes that only $1.2 million be used for merit increases. Since we are now uncertain which emphasis will be given by the Emergency Board in its final action, staff is proposing three alternatives with the recommendation that all three be forwarded to the Emergency Board.

General Conditions

1. The Board approved university/college differential will be maintained (the average college salary will be 87% of the average university salary).

2. OIT salaries will follow the college pattern except that engineering-related faculty salaries will use the university average.

3. The 9-month/12-month differential will be maintained (12-month salaries are 122% of 9-month salaries).

4. Student employee wages will generally be increased by 2% each year but will not participate in the increases provided by Section 2.

5. The $1.2 million allocable to merit increases will be distributed to institutions proportional to their total salary base at a rate of 0.32% in 1987-88, continuing in 1988-89, but with no further increase in the second year of the biennium.
6. In fulfillment of the Board's objective to raise the salary average at EOSC to equate more nearly with those of WOSC, SOSC and OIT, approximately $150,000 in the first year and an additional $150,000 the second year will be allocated to EOSC for across-the-board adjustments.

7. Graduate assistant increases will be 3.5% each year of the biennium.

8. No increases from the funds provided by Section 2 will be awarded to administrators whose salaries are $60,000 or more as of June 30, 1987. For the purpose of this salary distribution, administrators include department chairs or heads, directors of units who are equivalent to department chairs, deans, associate deans, assistant deans, presidents, vice-presidents, associate vice-presidents, assistant vice-presidents and all staff of Centralized Activities.

**ALTERNATIVE I**

In Alternative I, the staff has measured the difference between the average salary by rank of UO/OSU combined and the average of the 108 public doctorate-granting institutions used as comparators. In this Alternative, the $8.8 million would be used to close the gap of the differentials in each rank by approximately 26% for the biennium. The resulting increases would be as follows:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Universities 9 mo.</th>
<th>Universities 12 mo.</th>
<th>Colleges 9 mo.</th>
<th>Colleges 12 mo.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prof</td>
<td>990</td>
<td>1212</td>
<td>864</td>
<td>1056</td>
</tr>
<tr>
<td>Assoc</td>
<td>360</td>
<td>444</td>
<td>315</td>
<td>384</td>
</tr>
<tr>
<td>Assist</td>
<td>342</td>
<td>420</td>
<td>297</td>
<td>360</td>
</tr>
<tr>
<td>Instr</td>
<td>135</td>
<td>168</td>
<td>117</td>
<td>144</td>
</tr>
</tbody>
</table>

**ALTERNATIVE II**

In Alternative II, staff computed the percentage that the average salary of each rank is of the salary average of all ranks (the average salary of full professors is 124% of the all-ranks average, the associate professors' average is 90%, the assistant professors' average is 76% and the instructors' average is 55%).
Using the assumptions above, the following salary increase proposal becomes Alternative II:

<table>
<thead>
<tr>
<th>Rank</th>
<th>Universities</th>
<th>Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9 mo.</td>
<td>12 mo.</td>
</tr>
<tr>
<td>Prof</td>
<td>684</td>
<td>840</td>
</tr>
<tr>
<td>Assoc</td>
<td>495</td>
<td>600</td>
</tr>
<tr>
<td>Assist</td>
<td>423</td>
<td>516</td>
</tr>
<tr>
<td>Instr</td>
<td>297</td>
<td>360</td>
</tr>
</tbody>
</table>

**ALTERNATIVE III**

This Alternative reflects the Board's and the Governor's preference for discretionary, merit-oriented increases. We would continue all of the General Conditions except #5, which uses only $1.2 million for discretionary, merit-oriented increases. Instructions to institutions from the Board would be that each develop, after appropriate consultation with internal groups, a salary increase plan consistent with the following objectives:

. Unclassified academic staff of all ranks and in all disciplines, departments, or units not otherwise excluded by the General Conditions are eligible for consideration for merit-oriented increases.

. The institutional plan should clearly differentiate among those whose performance in instruction, research or public service is distinguished in its contribution to institutional excellence and its mission, those younger academic employees who have clearly demonstrated potential in distinguished service and those whose service is fully satisfactory but does not meet the other criteria. Thus, neither institutional plans nor the results should reflect across-the-board increases.

. Institutional plans are to be submitted to the Chancellor for approval prior to implementation.

**Staff Recommendation to the Board**

The staff recommended the Chancellor and other appropriate officials be authorized to submit the three alternative plans described above to the State Emergency Board at its meeting on August 13-14, expressing the Board’s willingness to administer whichever alternative is selected by the Emergency Board.
Board Discussion and Action

Mr. Lemman presented the staff report and recommendation. He said the Board might wish to discuss whether department chairs should be designated as administrators for the purposes of this particular salary distribution. In the narrow sense, they are faculty members. It is also clear in analyzing the Ways and Means discussion, that they may be considered administrators because they are people in the department who administer the policies of the Board and the institution. Mr. Lemman stated that the effect of Item 8 would be to exclude approximately 200 of some 7,000 people in higher education from participating in the $10 million distribution. To the extent that those people are excluded, the amount available for the remainder would be larger.

Mr. Petersen said he had received a letter from Mr. Robert McCoy, President of the Association of Oregon Faculties, expressing their willingness to assist the Board in presenting the salary proposal to the Emergency Board. Mr. Gene Enneking, Secretary of the AOF Council, said it would welcome the opportunity to consider these proposals and make a recommendation for the Board's consideration at the appropriate time. He concurred with the need to deal with the issue at the present meeting.

Mr. Hermens said he would abstain from voting because of a possible conflict of interest since his father was a member of the faculty at Eastern Oregon State College.

Mr. Adams referred to the exclusion of those administrators with salaries exceeding $60,000 and asked whether there were non-administrators receiving salaries above that amount.

Mr. Lemman responded there were perhaps 200, most of whom would be at the Oregon Health Sciences University.

Mr. Adams then said he could foresee complications with the inclusion of department chairs or heads and suggested they might be avoided by keeping the level higher with respect to designating administrators.

Mr. Lemman said if that change were made, about 80 persons would be brought into participation. This would mean that for the three-year period, $250,000 would be needed in the pool and this would diminish the numbers for everyone by a small amount.

Mr. Adams then asked if there were any flexibility in the presentation of the plan to the Emergency Board. Mr. Lemman said in the discussions with the Ways and Means Committee, no decision on the definition had been reached, but it was clearly the intention of the Ways and Means Committee to broaden the definition by excluding those earning $60,000 or more in order to give more money to the "people in the trenches."
President Olum and Dr. Spanier both urged the Board not to include department heads in the group of administrators, indicating the rotating nature and other characteristics of those positions which would make this an inappropriate and unfair designation.

The Chancellor said he would not defend the policy as desirable or wise. Further, it is unfair by creating an artificial compression of salaries and in some instances give raises that place department chairmen at salary rates higher than those of the deans to whom they report. The presentation to the Emergency Board simply provides the mathematical computation for a policy stipulated in the guidelines, realizing that there are certain inequities and that the plan will do certain people an injustice regardless of how it is administered.

Mr. Petersen commented that the salary issue had been discussed at length by the Board during the budget process. He asked that any presidents wishing to comment communicate their concerns directly to the Chancellor.

The Board approved the staff recommendation, with the following voting in favor: Directors Chao, Dodson, Hensley, Richardson, and Petersen. Those voting no: Directors Adams, Alltucker, and Nelson. Director Hermens abstained.

Chancellor's Salary Recommendations for 1987-88

Chancellor's Recommendation to the Board

IMD 1.020(1) provides that the Chancellor recommend to the Board salary adjustments for the Secretary of the Board, the Vice Chancellors, and the Presidents, Vice Presidents, and Deans (other than deans of schools and colleges). The President of the Board recommends the salary of the Chancellor.

The Legislative Assembly has appropriated funds for a 2% increase for all state employees, effective July 1, 1987. As discussed in the agenda item related to salary adjustments for academic staff, no merit or other adjustments are to be given to administrative officers whose salary is in excess of $60,000 per year. Since this, as well as other guidelines, are tentative until approved by the Emergency Board on August 13-14, and since some of the officers for whom the Board sets the salary earn less than $60,000 per year, it was recommended that the Board approve a 2% increase for all personnel referenced in the first paragraph, with the understanding that the Chancellor will make appropriate recommendations at the September meeting, giving effect to actions of the Emergency Board. The actual dollar amounts for each individual are to be reported at that time.
Meeting #552

July 24, 1987

Board Discussion and Action

The Board approved the Chancellor's recommendation as presented, with the following voting in favor: Directors Adams, Alltucker, Chao, Dodson, Hensley, Hermens, Nelson, Richardson, and Petersen. Those voting no: None.

Staff Report to the Committee

The Board's Office of Academic Affairs is forwarding a request from Oregon State University for the consideration of the Committee on Instruction, Research, and Public Service Programs, and the Board. Oregon State University requests authorization to initiate a new instructional program leading to a Ph.D. in Veterinary Comparative Medicine.

The proposed program will be an interdisciplinary program that will provide graduate training in basic and applied veterinary medical research at the Ph.D. level. The primary purpose will be the providing of comprehensive research training in Veterinary Comparative Medicine.

Resources to Offer the Program

This program will be initiated with existing College of Veterinary Medicine funds. Supplementary funds will be solicited from the OSU Graduate School to support additional doctoral stipends.

The program will require an additional $53,480 the first year rising to $61,909 the fourth year. The cost will provide funds for two doctoral stipends, a .50 FTE secretary, and supplies and services.

Program Review

The proposal has been reviewed by the Academic Council and representatives of Oregon's independent colleges and universities. The Board's staff consulted with faculty from schools of veterinary medicine at other institutions across the United States. We were assured that strong Ph.D. programs focusing on student training in basic and applied veterinary medical research is the direction which veterinary medicine is going. As such strong support was given to the program being proposed by Oregon State University.

Staff Recommendation to the Board

The Board's staff recommended that the Board authorize Oregon State University to initiate a new instructional program leading to a Ph.D. in Veterinary Comparative Medicine, effective Fall Term, 1987-88.
Discussion and Recommendation by the Committee

Dr. James Payne presented the staff report and recommendation and indicated representatives from the school of veterinary medicine were present to respond to questions.

Mr. Hensley inquired as to the number of students involved and whether any survey had been done to verify its accuracy.

Dr. Payne said there would be 12-15 students involved in the program each year and two graduating. Individuals participating in the program at Oregon State University, as well as veterinarians in the state, have indicated support for the program and that there would be sufficient student interest and need to justify authorizing the program.

Mr. Petersen asked how this proposal would fit into the WICHE agreement. Dr. Loren D. Koller, Dean of the School of Veterinary Medicine, said this program was completely separate from the WICHE agreement for instruction of professional students for the DVM degree.

Mr. Petersen said the purpose of WICHE was to allocate resources among the states for programs with a narrow scope and share the student enrollment. He asked where the students would come from who would enter this program.

Dr. Koller indicated they would come from across the country and the quality of the program would determine how successful the institution would be in attracting quality students. Oregon State would be competing with Washington State University. Washington State has indicated full support of the proposed program. He also stated that the current DVM program is on a shared basis with Washington State University and has worked very well. There are no intentions of abandoning that program, and a new agreement has just been completed.

Dr. Koller described the research in this program and related programs and discussed the areas of specific interest at the present time and the fields which were in particular demand.

In response to a question from Mr. Petersen concerning the number of graduates, Dr. Koller said he would anticipate the program would have about five graduates per year in the near future. Mr. Petersen explained that he was concerned with starting a program that would have a limited number of graduates although he understood this was an internal allocation. He cautioned against any expectation of additional funding for the program.

Dr. Koller commented that any veterinary program with a strong Ph.D program strengthens the faculty members and scientists in their expertise and helps attract high quality personnel to the
program, not only for the research training, but also for the instructional and service programs. He mentioned that Oregon State University's School of Veterinary Medicine had an extremely active service program through its diagnostic laboratory and the veterinary teaching hospital. This has a tremendous impact on the economy in the state and region.

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

Board Discussion and Action

Mr. Hermens presented the Committee report and recommendation.

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

Request for Authorization
To Initiate New Instructional Program Leading M.S. & Ph.D. Degrees in Plant Physiology, OSU

Staff Report to the Committee

The Board's Office of Academic Affairs is forwarding a request from Oregon State University for the consideration of the Committee on Instruction, Research, and Public Service Programs, and the Board. Oregon State University requests authorization to initiate a new instructional program leading to M.S. and Ph.D. degrees in Plant Physiology.

The proposed interdepartmental program will define the curricula appropriate for graduate training in plant physiology at the M.S. and Ph.D. levels and identify plant physiology as a field of specialization at Oregon State University. The program would be under the supervision of a chairperson and administered through the Graduate School.

As envisioned the proposed program would enable Oregon State University to achieve several objectives:

1. Establish a comprehensive and coordinated graduate curriculum in plant physiology;

2. Focus faculty expertise and resources that would improve the quality of graduate training and research in plant physiology;

3. Provide visibility and strengthen institutional recruitment and retention of faculty and students and enhance the effort for procuring external funds;

4. Improve communication, cooperation, and promote the activities and programs offered by the various colleges and schools at Oregon State University that relate to plant physiology.
Resources to Offer the Program

Initially, the proposed program would draw upon the strong base of research programs and faculty resources already in place at Oregon State University. Implementation of this program will require additional resources of .10 FTE faculty to support a program chairperson and .25 FTE to support a part-time secretary. Funds will also be needed for services and supplies, including funds to support a seminar series involving presentations by distinguished plant physiologists from other institutions. Oregon State University will reallocate about $20,000 a year to support these new degree programs.

This program would necessitate the addition of four new courses in plant physiology: PP 501 Research, PP 503 Thesis, PP 505 Reading and Conference, and PP 507 Seminar.

Program Review

The proposed degree program was reviewed by the Academic Council of the Oregon State System of Higher Education and by the Vice Presidents of Academic Affairs of Oregon's independent colleges and universities. Both groups support the initiation of this instructional program. This program does not duplicate any other and would not have adverse impact on existing programs at other institutions.

It appears that this proposed program is justified within the mission of Oregon State University and can only enhance the current expertise in plant physiology at the institution while providing national and international recognition.

Staff Recommendation to the Committee

The Board's staff recommended that the Board authorize Oregon State University to initiate an instructional program leading to the M.S. and Ph.D. degrees in Plant Physiology, effective Fall Term, 1987-88.

Discussion and Recommendation by the Committee

Dr. Payne presented the staff report and recommendation.

In response to a question concerning the ratio mix between the number of students in the M.S. and Ph.D. programs, it was stated that about two-thirds would be Ph.D. students.

Dr. Pierce commented that the proposal represented more of an organizational issue than a redirection of program emphasis.

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

Mrs. Nelson presented the Committee report and recommendation.

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

Request for Authorization

To Initiate New Instructional Program Leading to a Post-Baccalaureate Certificate in Accounting

Staff Report to the Board

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 initiate a new instructional program leading to a Post-Baccalaureate Certificate in Accounting.

As a unit of an urban university, the Department of Accounting is currently serving many students who seek an accounting education as part of a planned career change. These are students who hold baccalaureate degrees that did not involve any specialized accounting education.

A certificate program will provide a tangible goal for post-baccalaureate students, thereby offering an attractive incentive to complete the program. The Department and the University will be able to track these students for alumni and statistical purposes.

The Proposal

Most of the post-baccalaureate students who come to Portland State to study accounting are seeking the opportunity to enter public accounting. They wish to prepare for an accounting career and for the CPA examination. These students currently have these choices as to their course of study: (1) to seek a second baccalaureate degree, (2) to seek an advanced degree, or (3) to pursue accounting studies with no expectation of a degree.

The second undergraduate degree is not a popular option because of the large number of credits required in the typical case. There is no masters degree offered in accounting. The MBA degree allows too little specialization to be a viable alternative. Most post-baccalaureate students now complete enough courses to meet the requirements for taking the examinations for Certified Public Accountant (CPA) or Certificate in Management Accounting (CMA). Both examinations require bachelors degrees, but neither specifies that the degree must be in accounting. Each requires a minimum of accounting credits to qualify to sit for the examination.
The Certificate in Accounting is designed to serve a single group of students, namely post-baccalaureate students who are primarily interested in acquiring a specific competence in accounting. All candidates will be required to meet the requirements for admission to the School of Business Administration. The 45 credits of required course work are a combination of undergraduate accounting and other business administration courses.

Although undergraduates will be eligible to take the courses that are required for the certificate, undergraduates are not eligible for the certificate because there is an undergraduate degree program in accounting. The certificate is intended neither to compete with nor replace the degree program for undergraduates.

The Certificate in Accounting is unique in that it is reserved for candidates who already possess a baccalaureate degree but it does not involve any graduate course requirements. Its purpose is to appeal to a specific group of students who may be interested in Portland State University's accounting program but who may not pursue their studies there because there is neither a certificate nor an advanced degree in accounting.

Program Review

The proposed degree program has been reviewed by the Academic Council of the Oregon State System of Higher Education and by various representatives of Oregon's independent colleges and universities. The faculty of the Department of Accounting also discussed the proposal with their colleagues at the other State System institutions. The proposal has the support and endorsement of the other State System institutions and the independent colleges and universities.

Staff Recommendation to the Committee

The Board's staff recommended that the Board authorize Portland State University to initiate a new instructional program leading to a Post-Baccalaureate Certificate in Accounting, effective Fall Term, 1987-88.

Discussion and Recommendation by the Committee

Dr. Payne presented the staff report and recommendation, indicating there would be no need for new resources, faculty, or equipment for the program.

In response to a question from Mr. Richardson concerning the differences in the recognition of accounting training between the proposed certificate program and a business degree, it was stated the accounting graduates have an undergraduate degree in accounting in recognition of their course work in that field.
There was a brief discussion as to the usefulness of the certificate as opposed to a transcript listing the courses, possible participation of other State System institutions, whether there were any plans to make the certificate retroactive for those who had already completed the requirements, and the fact that a prospective employer would know that the applicant with this certificate had been exposed to all of the functional areas of accounting.

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

Board Discussion and Action

Mr. Richardson presented the Committee report and recommendation.

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

Staff Report to the Board, Tuition and Fees

Instruction Fees

Instruction fees represent the per term assessment to students for credit hour instruction. The fees apply toward support of the Education and General Services component of the Higher Education expenditure budget. Fees are assessed within undergraduate and graduate fee structures and by resident and nonresident student classifications. The residency classification applies to students enrolled under the full-time student policy. Students enrolling under the part-time student policy for seven or fewer credit hours per term are assessed a fee appropriate to the level of the course taken, without regard to residency status.

Instruction fees for the 1985-1987 biennium were increased the first year by 3% and frozen the second year. This followed three years in which the tuition was constant. For 1987-1989, the Legislature has authorized a budget which includes a 3% increase in instruction fees for each year of the biennium. Full-time student fee rates recommended for 1987-88 are compared with 1986-87 rates in Schedule 1. Rounding to achieve per term rates in full dollars while assuring that the full percentage increase was attained results in percentage increases slightly in excess of 3%.

Building Fee

No change is recommended in the student building fee. It is to remain at its statutory maximum of $12.50 per term for full-time students. A bill to raise the maximum to $15.00 per term failed.
to pass the 1987 state Legislature. A number of auxiliary services building projects, approved by the Legislature were to be funded by the bonding capacity the increased fee was to generate. The priorities of these projects are being reviewed to determine which projects will be delayed until adequate bonding capacity is available.

**Incidental Fee**

Incidental fee changes recommended by the institutions are shown on Schedule 2. Changes are proposed by all institutions except Southern and Eastern Oregon State Colleges where the current $77.50 and $101 per term rates, respectively, would continue during 1987-88. Oregon State University is proposing a $2.00 decrease in incidental fee rates. The University of Oregon is proposing a $9.00 increase and Portland State University is proposing an $8.00 increase. Increases are justified by pay increases yet to be scheduled for July 1, 1987, and other cost increases.

**Health Service Fee**

Institution recommendations are provided in Schedule 2. No change from 1986-87 is proposed by Southern and Eastern Oregon State Colleges. The University of Oregon and Oregon State University propose $2 increases, Portland State University proposes a $3 increase, Western Oregon State College proposes a $1.50 increase, Oregon Institute of Technology proposes an $8.25 increase, and Oregon Health Sciences University proposes a $6 increase.

**Other Policy Changes**

Other fees and policies set forth in Sections I, II, and III for the Fee Book provide guidance to the institutions and determine other fees which are established by Board rules. Changes recommended are:

**Section II.C.5. Minority Student Enrollment Initiative Fee Remissions**

(All new section.)

This new program, adopted by the Board May 15, 1987, waives the mandatory enrollment fees for qualified Oregon resident first time freshman Black, Hispanic and Native American students. The number of waivers will be determined by the Board.

**Section III.C. Application Fee.**

(Change recommended.)
Language has been added to clarify that "for students enrolled in cooperative and joint programs involving two or more OSHE institutions, the application fee is waived at all but the first institution in which the student enrolls to complete the program. Examples include: Oregon State University/Eastern Oregon State College Agriculture Business Management, Rangeland Resources, Crop Science Programs, and Oregon Institute of Technology-Portland Center and Portland State University."

Section III.D.5. Late Registration Fee.

(Change recommended.)

This change clarifies the initial date on which late fees will be assessed. The initial date for assessment of late fee will be established by each institution, but must apply no later than the eighth day after the first full day of classes.

Section III.D.9. Guaranteed Student Loan Application Processing Fee.

(Section deleted.)

The 1986 re-authorization of the Higher Education Act of 1965 prohibits the collection of a Guaranteed Student Loan processing fee as titled and described in the 1986-87 Academic Year Fee Book. This fee was established in 1982 to assist in financing the costs associated with administration of the GSL program. The fee was established because the federal government did not provide an administrative allowance to cover the increased workload associated with administration of the GSL program.

Section III.D.9. Student Loan Administrative Services Fee.

(Section added.)

This new section authorizes the establishment of a Student Loan Administrative Services Fee. The new section reads: "Upon approval and receipt of a non-institutionally funded student loan a fee shall be charged by the institution for support services required to administer such a loan. No fee may be assessed for processing applications or for the purpose of determining eligibility of such loans. However, once a loan has been approved and the proceeds received by the student the fee authorized by this section shall be assessed." The fee is $10.00 per loan serviced.

Section III.D.10 Examination for Credit Per Course.

(Change recommended.)

It is recommended the fee be changed from $25.00 to an amount up to $40.00 at the discretion of the institution.
Section III.D.11 Nonresident Veterinary Medicine Fee.

(Change recommended.)

The fee for this item is recommended to be reduced from $17,344 to $16,000. This fee has not been assessed, but is included in the fee book as an emergency substitute should one of the authorized resident or WICHE students drop from the program.

Section III.F.1, 2, & 3 Concurrent Enrollment at Two or More Institutions.

(Change recommended.)

The revisions in these sections change the administrative process of collecting fees and granting refunds for students concurrently enrolled at two or more institutions within the State System of Higher Education. The changes have no impact on the substance of the rule.

Section III.F.6 Concurrent Enrollment at an Institution and an American/English Language Institute.

(Change recommended.)

This revision will broaden slightly the population of students allowed to enroll in institutionally owned and operated English-American Language Institutes within the base tuition fee to accommodate those who pass the basic English requirement exams and are formally admitted to begin their program but are later discovered to need some remedial English. To qualify the student must have passed the English language admissions test, have been admitted to the institution, and been formally advised by the dean of students, graduate dean or director of international services after review of the results of campus English language testing to take further English courses. The student would attend the institution-operated self-support English language institute for no more than two terms. The student would pay only the applicable full-time student fees. However, the language institute would receive some of the fee income paid by the student within the base tuition. This policy applies only to the institutionally-owned and operated language institutes, not privately-owned institutes operated under contract. This change will reduce tuition fee income by the amount paid to the language institutes. The use of this policy change will be monitored to assess its impact on fee income.

Section III.G Refund Policy.

(Change recommended.)
This change would merge the refund schedules for complete withdrawal and course load reduction of classes. It also changes the last day for a refund from the close of the 42nd to the close of the 25th calendar day after classes begin. This change is recommended to reduce the confusion over withdrawal versus course reduction refund schedules. It will also make course reduction as economically feasible as withdrawal, with respect to receiving refunds.

The schedule is as follows:

Starting from the day on which classes begin for the term:

<table>
<thead>
<tr>
<th>For Complete or Partial Withdrawal</th>
<th>Percent Refund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before the beginning of classes</td>
<td>100%</td>
</tr>
<tr>
<td>Before the close of the 7th calendar day after classes begin</td>
<td>90%</td>
</tr>
<tr>
<td>Before the close of the 14th calendar day after classes begin</td>
<td>75%</td>
</tr>
<tr>
<td>Before the close of the 21st calendar day after classes begin</td>
<td>50%</td>
</tr>
<tr>
<td>Before the close of the 28th calendar day after classes begin</td>
<td>25%</td>
</tr>
</tbody>
</table>

Staff Report to the Board. Residence Hall and Food Service Charges

The amendment of QAR 580-40-040 proposes that the Board approve:

1. Residence hall rate regulations, billing procedures, and refunding policies as presented in Schedule A.

2. Residence hall room and board charges for the 1987-88 academic year as presented in Schedule B.

In recommending residence hall room and board charges for 1987-88, institution administrators estimated residence hall occupancy in relation to enrollment projections and present occupancy patterns. Costs for providing residence hall services were developed using the following expense figures:

1. Salary and other payroll expense adjustments are expected to increase approximately 2% plus the potential, and yet uncertain effects of pay equity adjustments and other collective bargaining contract settlements. The institutions have had to speculate on the total impact of these factors.

2. Food costs are estimated to increase approximately 4%-5%.

3. Utility costs are estimated to increase 1%-5% depending on type of service and geographical location.
Recommended changes in 1987-88 room and board rates would result in standard multiple occupancy rates with a 15-meal plan (or equivalent) ranging from $2,302 at Oregon State University to approximately $2,615 at Southern Oregon State College. Most room and board rates will increase 3% to 6%.

Not shown in this report are rates for the Ondine Residence Hall on the Portland State University campus. Portland Student services, Inc., operates the Ondine and establishes the rates as specified in a service contract. The rates require approval by PSU officials.

Actual and projected earnings from operations for the years 1985-86 and 1986-87, respectively, are presented in Schedule C. Budgeted income and expenses at each institution for 1987-88, based on anticipated occupancy and the recommended rates, are also presented in Schedule C.

Staff Recommendation to the Board

It was recommended that, following public hearing on July 1, 1987, for tuition and fees and residence hall and food service charges, the Board amend OAR 580-40-040 as follows:

Academic Year Fee Book

580-40-040 The document entitled "Academic Year Fee Book", dated July 24, 1987, (July 18, 1986) is hereby adopted by reference as a permanent rule. All prior adoptions of academic year fee documents are hereby repealed except as to rights and obligations previously acquired or incurred hereunder.

Through the amendment, the Board would adopt the fees as summarized on Schedules 1, 2, and 3 and, in addition, the policy changes summarized under the caption "Other Policy Changes" in this agenda item.

Through the amendment, the Board also would adopt the proposed residence hall and food services charges and policies on the Schedules A, B, and C to be incorporated in the 1987-88 Academic Year Fee Book as presented in this agenda item.

Discussion and Recommendation by the Committee

Mr. Lemman reported that the public hearing had been held after appropriate notice and that no one had appeared at that time to present testimony. Subsequently, the issue of use of incidental fees for the Oregon Student Public Interest Research Group (OSPIRG) had been raised. Board members were also provided a letter from the president of the Associated Students of Oregon
State University making an observation about the change in the refund policy. Other than that, there have been no comments about the changes. He indicated the appropriate student organizations have participated in recommending the level of incidental fees proposed in the fee schedule.

Mr. Quenzer then presented the staff report pertaining to tuition and fees, commenting on the changes from the previous Academic Year Fee Book.

The letter relating to the refund policy said the change appeared to be addressing a need for convenience in the business offices rather than keeping in mind the best interests of the students. It also indicated the Oregon State administration was standing in opposition to the proposal.

In response to a question concerning the effect of the proposed policy change with respect to refunds, Mr. Lemman said the partial withdrawal had been liberalized and complete withdrawal period had been restricted. It was also indicated there had been extensive discussion with the institutions and a verification of their agreement with the policy as proposed.

Mr. James C. Lundy, Dean of Business Affairs at Eastern Oregon State College, said there is a clause in the fee book which says fees can be waived by institutional officials, or changed, if it is deemed in the best interests of the institution under extenuating circumstances. Such exceptions are made perhaps eight or ten times a year at Eastern.

Mr. Chao asked President Byrne whether the administration at Oregon State was opposed to the change in the refund policy as stated in the letter.

President Byrne said the matter of student fees was discussed very carefully with the student fee committee. He indicated that, under some circumstances, there might be particular problems with particular students. There is a procedure for waiving or adjusting fees. If that flexibility can be permitted and maintained under the proposed change in the refund policy, he would have no objection.

Mr. Lemman then referred to the matter of the OSPIRG funding and the assertion by some students that the use of incidental fees for OSPIRG is unlawful. This issue has been under discussion for several months and has been the subject of litigation. The third circuit court has ruled that the collection of mandatory fees for the purpose of allocating them to an organization whose primary activity is political is unlawful. It is contrary to the First Amendment and the right of freedom of association. However, it is not as clear whether funds can be allocated on a program budget basis to such an organization, particularly if there is a
consideration of the balance of funding of organizations that would advocate pro and con on issues because those can be deemed educational. Part of the issue here, in the materials presented to the Board in opposition to OSPIRG, is that OSPIRG is alleged to advocate not only within the university, but externally as well, in terms of requesting bills to be introduced in the Legislature and taking active roles both inside and outside of the Legislature in support of political issues.

Mr. Lemman said he had not decided whether to request an opinion from the Attorney General. He suggested that possibility might be discussed at the Board meeting, particularly since it had been urged by Miss Kasey Brooks, President of the Associated Students of the University of Oregon.

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

Board Discussion and Action

Mr. Petersen said he had received numerous documents, letters, and telephone calls regarding the OSPIRG issue and whether it should be funded from student incidental fees. He also referred to the letter from Miss Brooks requesting the Board’s serious attention to resolving the issue for those students who do not approve of OSPIRG. There are serious questions which need to be resolved. Mr. Petersen said it would be best for the Board to resolve them rather than forcing student litigation and unnecessary expense for all parties. Board members also must fulfill their obligations to obey state statutes and the Board’s own directives.

Mr. Petersen said there is some question whether approval of OSPIRG funding would indeed be legal. For that reason, he instructed the Chancellor to seek an opinion from the Attorney General of the State of Oregon and the suspension of the distribution of funds at the present time to all institutions which were receiving OSPIRG funds until the opinion was received and the Board had acted upon it. (This suspension of funding was later rescinded after further discussion with the Assistant Attorney General.)

At the request of Mr. Chao, Mr. Lemman presented the report and recommendation of the Committee.

The Board approved the staff recommendation and adopted the proposed amendment to OAR 580-40-040, Academic Year Fee Book. On roll call vote, the following voted in favor: Directors Adams, Alltucker, Chao, Dodson, Hensley, Hermens, Nelson, Richardson, and Petersen. Those voting no: None.
### Schedule 1

**Instruction Fee Recommendations**

**Full-Time Student, Per Term**

**1987-88 Academic Year**

<table>
<thead>
<tr>
<th>Universities and OIT</th>
<th>$1986-87</th>
<th>$1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
<td>$388</td>
<td>$400</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>1,289</td>
<td>1,328</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>615</td>
<td>633</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>1,044</td>
<td>1,075</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Colleges (WOSC-SOSC)</th>
<th>1986-87</th>
<th>1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
<td>373</td>
<td>384</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>1,144</td>
<td>1,178</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>600</td>
<td>618</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>1,029</td>
<td>1,060</td>
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</table>

<table>
<thead>
<tr>
<th>Eastern Oregon State College</th>
<th>1986-87</th>
<th>1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate Resident</td>
<td>332</td>
<td>342</td>
</tr>
<tr>
<td>Undergraduate Nonresident</td>
<td>332</td>
<td>342</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>577</td>
<td>594</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>1,006</td>
<td>1,036</td>
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</table>

<table>
<thead>
<tr>
<th>Oregon Health Sciences University</th>
<th>1986-87</th>
<th>1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Resident</td>
<td>1,384</td>
<td>1,426</td>
</tr>
<tr>
<td>Medical Nonresident</td>
<td>2,994</td>
<td>3,084</td>
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<tr>
<td>Dental Resident</td>
<td>1,018</td>
<td>1,049</td>
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<tr>
<td>Dental Nonresident</td>
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<td>2,487</td>
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<tr>
<td>Nursing, Medical Technician, and Dental Hygienist Resident</td>
<td>388</td>
<td>400</td>
</tr>
<tr>
<td>Nonresident</td>
<td>1,289</td>
<td>1,328</td>
</tr>
<tr>
<td>Graduate Resident</td>
<td>615</td>
<td>633</td>
</tr>
<tr>
<td>Graduate Nonresident</td>
<td>1,044</td>
<td>1,075</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other</th>
<th>1986-87</th>
<th>1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Veterinary Medicine Resident</td>
<td>1,105</td>
<td>1,138</td>
</tr>
<tr>
<td>Law Semester Resident</td>
<td>922.50</td>
<td>950</td>
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<tr>
<td>Law Semester Nonresident</td>
<td>1,566</td>
<td>1,613</td>
</tr>
<tr>
<td>Baccalaureate Nursing (EOSC)</td>
<td>365</td>
<td>376</td>
</tr>
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</table>
## Schedule 2

### Health Service and Incidental Fee Recommendations

**Full-Time Student, Per Term**  
**1987-88 Academic Year**

<table>
<thead>
<tr>
<th>Health Service Fee</th>
<th>1986-87 Authorized Fee</th>
<th>1987-88 Recommended Fee</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>$34.00</td>
<td>$36.00</td>
<td>$2.00</td>
</tr>
<tr>
<td>OSU</td>
<td>31.00</td>
<td>33.00</td>
<td>2.00</td>
</tr>
<tr>
<td>PSU</td>
<td>31.00</td>
<td>34.00</td>
<td>3.00</td>
</tr>
<tr>
<td>WOSC</td>
<td>28.00</td>
<td>29.50</td>
<td>1.50</td>
</tr>
<tr>
<td>SOSC</td>
<td>33.00</td>
<td>33.00</td>
<td>--</td>
</tr>
<tr>
<td>EOSC *</td>
<td>28.50*</td>
<td>28.50*</td>
<td>--</td>
</tr>
<tr>
<td>OIT</td>
<td>20.00</td>
<td>28.50</td>
<td>8.50</td>
</tr>
<tr>
<td>OHSU</td>
<td>139.00</td>
<td>145.00</td>
<td>6.00</td>
</tr>
</tbody>
</table>

### Incidental Fee

| UO                  | 61.00                  | 70.00                   | 9.00                |
| OSU                 | 58.50                  | 56.50                   | (2.00)              |
| PSU                 | 60.50                  | 68.50                   | 8.00                |
| WOSC                | 72.00                  | 75.00                   | 3.00                |
| SOSC                | 77.50                  | 77.50                   | --                  |
| EOSC                | 101.00                 | 101.00                  | --                  |
| OIT                 | 75.00                  | 81.00                   | 6.00                |
| OHSU School of Medicine Students | 41.00 | 50.00 | 6.00 |
| All Other Students  | 36.00                  | 45.00                   | 9.00                |

### Building Fee

All Institutions | 12.50 | 12.50 | -- |

### Study Resources Fee

| Law Semester, UO   | 300.00 | 300.00 | -- |
| Nursing Students, OHSU/EOSC | 113.50 | 113.50 | -- |

* EOSC Baccalaureate Nursing Students have an additional $3 per term for coverage against needle stick accidents.
### Schedule 3

**Total Tuition and Fee Recommendation**

*Full-Time Student, Per Term*

**For the 1987-88 Academic Year Compared With 1986-87**

<table>
<thead>
<tr>
<th>Institution</th>
<th>Undergraduate</th>
<th></th>
<th>Graduate</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
<td>Nonresident</td>
<td>Resident</td>
<td>Nonresident</td>
</tr>
<tr>
<td><strong>University of Oregon</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>$495.50</td>
<td>$1,396.50</td>
<td>$722.50</td>
<td>$1,151.50</td>
</tr>
<tr>
<td>1987-88 Proposed</td>
<td>518.50</td>
<td>1,446.00</td>
<td>751.50</td>
<td>1,193.50</td>
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<tr>
<td><strong>Oregon State University</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>490.00</td>
<td>1,391.00</td>
<td>717.00</td>
<td>1,146.00</td>
</tr>
<tr>
<td>1987-88 Proposed</td>
<td>502.00</td>
<td>1,430.00</td>
<td>735.00</td>
<td>1,177.00</td>
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<td><strong>Portland State University</strong></td>
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<tr>
<td>1986-87</td>
<td>492.00</td>
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<td>1987-88 Proposed</td>
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<tr>
<td><strong>Western Oregon State College</strong></td>
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<tr>
<td>1986-87</td>
<td>485.50</td>
<td>1,256.50</td>
<td>712.50</td>
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<td>1987-88 Proposed</td>
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<td>735.00</td>
<td>1,177.00</td>
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<tr>
<td><strong>Southern Oregon State College</strong></td>
<td></td>
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<tr>
<td>1986-87</td>
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<td>1,152.00</td>
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<tr>
<td><strong>Eastern Oregon State College</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>474.00</td>
<td>474.00</td>
<td>719.00</td>
<td>1,148.00</td>
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<tr>
<td>1987-88 Proposed</td>
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<td>736.00</td>
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</tr>
<tr>
<td><strong>Oregon Institute of Technology</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>495.00</td>
<td>1,396.50</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>1987-88 Proposed</td>
<td>522.00</td>
<td>1,450.00</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Oregon Health Sciences University</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medical</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>1,576.50</td>
<td>3,186.50</td>
<td>1,205.50</td>
<td>2,602.50</td>
</tr>
<tr>
<td>1987-88 Proposed</td>
<td>1,633.50</td>
<td>3,291.50</td>
<td>1,251.50</td>
<td>2,689.50</td>
</tr>
<tr>
<td>1986-87</td>
<td>575.50</td>
<td>1,476.50</td>
<td>916.00</td>
<td>1,345.00</td>
</tr>
<tr>
<td>1987-88 Proposed</td>
<td>602.50</td>
<td>1,530.50</td>
<td>949.00</td>
<td>1,391.00</td>
</tr>
<tr>
<td>Nursing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1986-87</td>
<td>689.00</td>
<td>1,590.00</td>
<td>807.50</td>
<td>1,236.50</td>
</tr>
<tr>
<td>1987-88 Proposed</td>
<td>716.00</td>
<td>1,644.00</td>
<td>840.50</td>
<td>1,282.50</td>
</tr>
</tbody>
</table>
Schedule 3 (continued)

Total Tuition and Fee Recommendation
Full-Time Student, Per Term
For the 1987-88 Academic Year Compared With 1986-87

<table>
<thead>
<tr>
<th>Oregon Health Sciences University (cont.)</th>
<th>1986-87</th>
<th>1987-88 Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing-EOSC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>623.50</td>
<td>634.50</td>
</tr>
<tr>
<td>Nonresident</td>
<td>623.50</td>
<td>634.50</td>
</tr>
<tr>
<td>Graduate, Dental</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td>802.50</td>
<td>835.50</td>
</tr>
<tr>
<td>Nonresident</td>
<td>1,231.50</td>
<td>1,277.50</td>
</tr>
</tbody>
</table>

| Law Semester                             |         |                  |
| 1986-87                                  | 1,383.75| 1,207.00         |
| 1987-88 Proposed                         | 1,427.75| 1,240.00         |

| 1986-87                                  | 2,027.25| --               |
| 1987-88 Proposed                         | 2,090.75| --               |

Note: Total tuition and fees cover fees for instruction, building, inci­
dental, and health service at all institutions. Law semester, OHSU and OHSU/EOSC Nursing include a study resources fee.
Residence Hall Room and Board Rate Policies

Residence halls are generally self-supporting auxiliary enterprises which furnish essential services to students and authorized persons attending educational activities supported by the institution. The residence hall program supports the institutional educational program and otherwise contributes significantly to the realization of the institution's mission. In addition to living quarters and meal service, residence halls provide counseling, advising, social, and recreation programs which augment the ideas and concepts of instructional programs. The rates of charge are established at levels which cover the cost of the service, including the proportionate share of the debt service associated with the residence hall and food service activities at the respective institutions.

A. Deposit, Cancellation, and Refund Policies

A deposit of $50 will be held throughout the contract period and will be returned to the student about six weeks after checking out of the residence hall following completion of the contract period. The deposit is forfeited if the contract is broken except in special cases stated in the contract. The deposit may be retained as a reservation and applied to the succeeding year if the student contracts to return to campus for more coursework. Charges for damages cannot be made against the deposit during the contract period.

To qualify for a $35 partial refund of the deposit, written notice of cancellation for Fall Term must be received by the director of housing not later than September 1 of the academic year in which the student has reserved residence hall services. The entire $50 will be refunded only if the student fails to qualify for admission. A refund for either Winter or Spring Term reservation requires receipt of a written notice of cancellation by December 1 and March 1, respectively. Exceptions require written approval by the director of housing and/or director of business affairs. Failure of the depositor to cancel the reservation prior to the deadline will result in forfeiture of the entire deposit, unless the student fails to qualify for admission.

Some institution resident halls permit reservations of specific rooms for an additional advance payment. Such programs and associated prepayments and refund policies are established and approved at the institution.

B. Proration of Annual Charges by Term

<table>
<thead>
<tr>
<th>Institution(s)</th>
<th>Fall</th>
<th>Winter</th>
<th>Spring</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>45%</td>
<td>30%</td>
<td>25%</td>
</tr>
<tr>
<td>OSU</td>
<td>40%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>EOSC, OIT, SOSC, WOSC</td>
<td>35%</td>
<td>35%</td>
<td>30%</td>
</tr>
</tbody>
</table>

C. One Term and Monthly Contracts Based on Annual Rate

UO, EOSC All contracts apply from the initial signing until the end of the academic year.
OHSU
One-, three-, and four-term contracts are offered as shown in the room and board tables.

OSU
One term contracts are available to all except freshmen students. Fall Term = 40% + $50; Winter = 32% +$50; Spring = 32%.

WOSC
One term contracts are available to all except freshmen students. Fall Term = 45% + $50; Winter = 35% +$50; Spring = 30%.

OIT
One- and two-term contracts are available as follows: Fall Term = 45%; Winter or Spring = 35%; Two terms--Winter and Spring = 65%.

SOSC
Month-to-Month contracts are available to all students (Fall and Winter) who have completed 36 credit hours or more. The added fee for a month-to-month contract is $76.

D. Room and Board Installment Payments

Room and board charges are assessed by the term and may be paid in one payment at registration or in multiple payments during the term. The first payment of a term is due the last day of registration of that term. Subsequent payments shall be due on the first of the month, in accordance with each institution's Residence Hall Contract or approved policies.

Payments become delinquent after the due dates; a late fine of $15 ($5 at OSU) will be assessed for all late payments. Students who do not pay room and board charges within fifteen days after the due date shall be evicted from the residence hall. Students evicted from a residence hall for nonpayment of room and board charges shall be liable for all outstanding room and board charges and any costs, including attorney fees, incurred in the collection of outstanding charges. If the outstanding charge is not paid prior to the beginning of a subsequent term, registration can be denied. Exceptions can be granted only by a designated institution official pursuant to rules and procedures adopted by the institution.

E. Responsibility for Damages

The student is required to pay all charges for damages to institutional property for which the student is responsible.

F. Proration of Room and Board Charges for Students Living in a Residence Hall Less Than a Full Term

Room and board charges are assessed by the term in accordance with the institutional rates and conditions outlined in the preceding sections. Students who live in a residence hall less than a full term will be assessed room and board charges on a prorated basis by the day except under the following circumstances:

1. Students who move into a residence hall during the first ten days of service of a term will be charged from the first day of the term.
2. Students who move into a residence hall during the last ten days of service of a term will be charged for a minimum of ten days.

3. Students who check out of a residence hall during the first ten days of service of a term may be charged a cancellation fee equivalent to 10 days prorated room and board for the accommodation assigned in addition to any other required fee.

4. Students who check out of a residence hall during the last ten days of service of a term will be charged through the last day of the term as a liquidated cancellation fee.

In computing room and board charges, the date on which the student officially checks out of the residence hall will be used to determine the proration of charges rather than the date on which the student withdraws from the institution. In no case, however, will the proration of charges be based on a checkout date earlier than the date the student officially withdrew from the institution.

If a student is evicted from, moves from, or otherwise leaves a residence hall, but does not withdraw from the institution, the student is assessed $1 per day for the remaining days of the contract period. At OSU, WOSC, and SOSC, the student also forfeits the one-term contract fee (OSU = $50; WOSC = $50; SOSC = $76) if leaving by choice. At all institutions, the student also forfeits the $50 deposit. Exceptions to this rule can be granted only by a designated institution official pursuant to rules and procedures adopted by the institution.

G. Room and Board Charges Over Vacation Periods

Room and board rates are established on the basis of the number of days and weeks classes are in session. Therefore, the established rates exclude service and costs thereof during Thanksgiving, Christmas, and Spring Break vacation periods. Institutions which provide service to residents during these periods may assess charges in addition to the regular room and board rate. Refunds are not made for the days and weeks classes are not in session because the established rates do not include charges for those periods.

H. Telephone Service and Other Special Services

When telephone service is offered in rooms, rates are established at institutions and are subject to changes in tariffs approved by the Public Utilities Commission. Other optional services, room size variations, refrigerators, and laundry may be offered at institutions. Again, the charges are established by the institution.

I. Family and Cooperative Housing Rates

Each institution establishes the rental rates, room and board charges, and related deposits charged student occupants of institution-owned and operated family, cooperative, and miscellaneous housing. Rates are approved following public hearing in accordance with AR 580-40-010.
Residence Hall Rates

The Board of Higher Education has the authority and reserves the right to modify charges during the year.

1. Oregon State University

<table>
<thead>
<tr>
<th>Residence</th>
<th>Multiple</th>
<th>Design Single</th>
<th>Single</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cauthorn(Men)</td>
<td>$2,402</td>
<td>2,727</td>
<td>3,027</td>
</tr>
<tr>
<td>West, Hawley, McNary, Wilson</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finley, Poling, Buxton, Callahan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weatherford</td>
<td>$2,302</td>
<td>2,527</td>
<td>2,727</td>
</tr>
<tr>
<td>Sackett</td>
<td>$2,452</td>
<td>2,777</td>
<td>3,077</td>
</tr>
<tr>
<td>Bloss</td>
<td>$2,502</td>
<td>2,827</td>
<td>3,127</td>
</tr>
<tr>
<td>Board Only</td>
<td></td>
<td></td>
<td>1,396</td>
</tr>
</tbody>
</table>

Discount for Full Payment Equal Payment

<table>
<thead>
<tr>
<th>College Inn</th>
<th>3,4</th>
<th>15 Meals/7 Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>(20 meals/7 days)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Triple</td>
<td>$2,376</td>
<td>$2,466</td>
</tr>
<tr>
<td>Standard Triple</td>
<td>2,355</td>
<td>2,445</td>
</tr>
<tr>
<td>Large Double</td>
<td>2,586</td>
<td>2,679</td>
</tr>
<tr>
<td>Standard Double</td>
<td>2,543</td>
<td>2,635</td>
</tr>
<tr>
<td>Large Design Single</td>
<td>3,024</td>
<td>3,114</td>
</tr>
<tr>
<td>Standard Design Single</td>
<td>2,937</td>
<td>3,026</td>
</tr>
<tr>
<td>Single with Shared Bath</td>
<td>2,666</td>
<td>2,757</td>
</tr>
</tbody>
</table>

1 Includes blanket, linen, pillow, and mattress pad; excludes required social activity fee ($10 per year) and optional telephone service.
2 Includes blanket, linen, pillow, and mattress pad; excludes required social activity fee ($10 per year) and required room telephone service (estimated at $196 per year single occupancy, $98 per year double occupancy; all rates subject to changes in tariffs approved by the Public Utilities Commission).
3 A 15-meal/5-day plan option is available at a cost of $40 less for the academic year than the applicable 20-meal plan rate.
4 Includes linen service; excludes optional telephone service.
5 A 19-meal plan is available at a cost of $82 more than the applicable 15-meal rate. A 10-meal plan is available at a cost of $120 less than the applicable 15-meal rate.
2. **University of Oregon**

Regular Dormitories 1

<table>
<thead>
<tr>
<th>Service</th>
<th>Price 19 Meals</th>
<th>Price 15 Meals</th>
<th>Price 10 Meals</th>
<th>Price No Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>$2,356</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single</td>
<td>3,063</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

University Inn 2

<table>
<thead>
<tr>
<th>Service</th>
<th>Price 19 Meals</th>
<th>Price 15 Meals</th>
<th>Price 10 Meals</th>
<th>Price No Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>3,063</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single – Small</td>
<td>3,982</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single – Large</td>
<td>4,182</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Includes linen service; excludes required social fee ($4 per term).
2 Includes linen service; maid service, and local telephone service; excludes required social fee ($4 per term).

3. **Western Oregon State College**

<table>
<thead>
<tr>
<th>Service</th>
<th>19 Meals</th>
<th>15 Meals</th>
<th>10 Meals</th>
<th>No Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>$2,540</td>
<td>$2,435</td>
<td>$2,330</td>
<td>N/A</td>
</tr>
<tr>
<td>Single (Exclude Maaske)</td>
<td>3,140</td>
<td>3,030</td>
<td>2,925</td>
<td>N/A</td>
</tr>
<tr>
<td>Single Maaske</td>
<td>2,655</td>
<td>2,560</td>
<td>2,465</td>
<td>N/A</td>
</tr>
<tr>
<td>Kitchenettes (Multiple)</td>
<td>N/A</td>
<td>2,560</td>
<td>2,465</td>
<td>$1,235</td>
</tr>
</tbody>
</table>

1 Includes initial issue of linen; excludes required social fee ($4 per term) and optional telephone service.
2 Because of the heavy demand for multiple service, it is unlikely that the institution can provide single rooms until Spring Term.
3 Maaske will be available for 1987-88 only. This dorm has 45 beds per floor with one bathroom.

4. **Oregon Institute of Technology**

<table>
<thead>
<tr>
<th>Service</th>
<th>19 Meals</th>
<th>14 Meals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double</td>
<td>$2,600</td>
<td>$2,500</td>
</tr>
<tr>
<td>Deluxe Double</td>
<td>2,820</td>
<td>2,710</td>
</tr>
<tr>
<td>Single</td>
<td>3,135</td>
<td>3,025</td>
</tr>
<tr>
<td>Board Only</td>
<td>1,550</td>
<td>1,450</td>
</tr>
</tbody>
</table>

1 Excludes linen and cost of required telephone service in room.
(Telephone service is estimated to cost $10 per student per room per term; all rates subject to changes in tariffs approved by the Public Utilities Commission.)
5. Southern Oregon State College

<table>
<thead>
<tr>
<th>Room and Board--All Units 1</th>
<th>Multiple</th>
<th>Single</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan I 2</td>
<td>$2,475</td>
<td>$2,875</td>
</tr>
<tr>
<td>Plan II 3</td>
<td>2,615</td>
<td>3,015</td>
</tr>
<tr>
<td>Plan III 4</td>
<td>2,715</td>
<td>3,115</td>
</tr>
<tr>
<td>Room Only 1 (Homes Hall Kitchenettes)</td>
<td>1,377</td>
<td>1,737</td>
</tr>
</tbody>
</table>

1 Excludes linen service and required social fee ($12 per year).
2 Equivalent to approximately 50% of available meals (16,000 points).
3 Equivalent to approximately 70% of available meals (22,500 points).
4 Equivalent to approximately 85% of available meals (26,500 points).

6. Eastern Oregon State College 1

<table>
<thead>
<tr>
<th>Meals</th>
<th>19 Meals</th>
<th>15 Meals</th>
<th>10 Meals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple</td>
<td>$2,635</td>
<td>$2,565</td>
<td>$2,495</td>
</tr>
<tr>
<td>Single</td>
<td>3,275</td>
<td>3,205</td>
<td>3,135</td>
</tr>
</tbody>
</table>

1 Excludes linen service, required social fee ($15 per term), required laundry fee ($30 per term), and optional telephone service.

7. Oregon Health Sciences University

<table>
<thead>
<tr>
<th>Room and Board--All Units 1</th>
<th>Multiple</th>
<th>Single</th>
</tr>
</thead>
<tbody>
<tr>
<td>4-Term Students</td>
<td>$1,680</td>
<td>$2,316</td>
</tr>
<tr>
<td>3-Term Students</td>
<td>1,341</td>
<td>1,854</td>
</tr>
<tr>
<td>1-Term Students</td>
<td>522</td>
<td>717</td>
</tr>
<tr>
<td>Monthly</td>
<td>186</td>
<td>261</td>
</tr>
<tr>
<td>Weekly</td>
<td>65</td>
<td>82</td>
</tr>
<tr>
<td>Daily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Apartment</td>
<td>$18.50 room charge for one person; $23 room charge for more than one person.</td>
<td></td>
</tr>
<tr>
<td>Dorm Room (Students Only)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3 night minimum)</td>
<td>$12.50 (per night, per person)</td>
<td></td>
</tr>
</tbody>
</table>

1 Includes initial issue of linen; excludes optional telephone service.
### Schedule C

Oregon Department of Higher Education
Actual and Estimated Earnings from Residence Hall Operations

<table>
<thead>
<tr>
<th></th>
<th>Actual 1985-86</th>
<th>Estimated 1986-87</th>
<th>Budget 1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>University of Oregon</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Three-Term Average Occupancy(^1)</td>
<td>2,834</td>
<td>2,841</td>
<td>2,931</td>
</tr>
<tr>
<td>Income</td>
<td>$8,314,028</td>
<td>$8,350,000</td>
<td>$8,579,485</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>$3,147,054</td>
<td>$3,508,000</td>
<td>$3,659,971</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>2,719,980</td>
<td>2,485,000</td>
<td>2,514,660</td>
</tr>
<tr>
<td>Food</td>
<td>1,551,696</td>
<td>1,645,000</td>
<td>1,730,000</td>
</tr>
<tr>
<td>Reserves/Interest on Reserves</td>
<td>(433,527)</td>
<td>(444,000)</td>
<td>(192,000)</td>
</tr>
<tr>
<td>Debt Service</td>
<td>760,429</td>
<td>755,000</td>
<td>849,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$7,745,632</td>
<td>$7,949,000</td>
<td>$8,561,631</td>
</tr>
<tr>
<td>Net Earnings (Loss)</td>
<td>$ 568,396</td>
<td>401,000</td>
<td>17,854</td>
</tr>
</tbody>
</table>

|                     |                |                   |               |
| **Oregon State University** |                |                   |               |
| Three-Term Average Occupancy\(^2\) | 2,813          | 2,707             | 2,600         |
| Income               | $7,588,049     | $7,844,000        | $7,813,000    |
| Expenses             |                |                   |               |
| Personal Services    | $3,052,964     | $3,122,700        | $3,398,900    |
| Services and Supplies| 2,080,503      | 2,117,700         | 2,100,000     |
| Food                 | 1,638,146      | 1,582,600         | 1,564,000     |
| Reserves/Interest on Reserves | (252,127) | (235,000)         | (172,000)     |
| Debt Service         | 894,998        | 847,000           | 898,000       |
| Total Expenses       | $7,414,484     | $7,435,000        | $7,788,900    |
| Net Earnings (Loss)  | $ 173,565      | $ 409,000         | $ 24,100      |

1 Design rated capacity 3,370.
2 Design rated capacity 4,073.
### Oregon State University-College Inn

<table>
<thead>
<tr>
<th></th>
<th>Actual 1985-86</th>
<th>Estimated 1986-87</th>
<th>Budget 1987-88</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three-Term Average Occupancy</td>
<td>415</td>
<td>412</td>
<td>412</td>
</tr>
<tr>
<td>Income</td>
<td>$201,996</td>
<td>$202,000</td>
<td>$210,000</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>$17,136</td>
<td>$17,900</td>
<td>$18,300</td>
</tr>
<tr>
<td>Services and Supplies</td>
<td>33,153</td>
<td>50,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Food</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Reserves/Interest on Reserves</td>
<td>(1,890)</td>
<td>(1,200)</td>
<td>(2,200)</td>
</tr>
<tr>
<td>Debt Service</td>
<td>110,057</td>
<td>110,300</td>
<td>124,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$158,456</td>
<td>$177,000</td>
<td>$190,100</td>
</tr>
<tr>
<td>Net Earnings (Loss)</td>
<td>$43,450</td>
<td>$25,000</td>
<td>$19,900</td>
</tr>
</tbody>
</table>

### Southern Oregon State College

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Three-Term Occupancy</td>
<td>774</td>
<td>791</td>
<td>794</td>
</tr>
<tr>
<td>Income</td>
<td>$2,750,293</td>
<td>$2,992,000</td>
<td>$3,038,281</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>$1,009,455</td>
<td>$1,063,000</td>
<td>$1,160,448</td>
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<tr>
<td>Services and Supplies</td>
<td>860,167</td>
<td>950,000</td>
<td>970,633</td>
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<tr>
<td>Food</td>
<td>622,246</td>
<td>669,000</td>
<td>696,764</td>
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<tr>
<td>Reserves/Interest on Reserves</td>
<td>(37,904)</td>
<td>(38,500)</td>
<td>(31,500)</td>
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<tr>
<td>Debt Service</td>
<td>230,471</td>
<td>219,500</td>
<td>237,000</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$2,684,435</td>
<td>$2,863,000</td>
<td>$3,033,345</td>
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<tr>
<td>Net Earnings (Loss)</td>
<td>$65,858</td>
<td>$129,000</td>
<td>$4,936</td>
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1 Excludes income generated and expenses incurred by Professional Food Management, Inc., in operating and managing the College Inn.
2 Design rated capacity 414.
3 Design rated capacity 1,463. Occupancy includes American Language Academy residents.
<table>
<thead>
<tr>
<th></th>
<th>Actual 1985-86</th>
<th>Estimated 1986-87</th>
<th>Budget 1987-88</th>
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<tbody>
<tr>
<td><strong>Western Oregon State College</strong></td>
<td></td>
<td></td>
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<tr>
<td>Three-Term Average Occupancy</td>
<td>651</td>
<td>740</td>
<td>800</td>
</tr>
<tr>
<td>Income</td>
<td>$1,819,568</td>
<td>$2,133,000</td>
<td>$2,438,998</td>
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<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Personal Services</td>
<td>$ 602,789</td>
<td>$ 604,625</td>
<td>$ 782,961</td>
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<td>Services and Supplies</td>
<td>593,122</td>
<td>774,115</td>
<td>797,847</td>
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<td>Food</td>
<td>295,155</td>
<td>330,000</td>
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<tr>
<td>Reserves/Interest on Reserves</td>
<td>(68,208)</td>
<td>(73,000)</td>
<td>(46,000)</td>
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<tr>
<td>Debt Service</td>
<td>146,155</td>
<td>145,000</td>
<td>256,000</td>
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<tr>
<td>Total Expenses</td>
<td>$1,569,013</td>
<td>$1,780,740</td>
<td>$2,140,808</td>
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<tr>
<td>Net Earnings (Loss)</td>
<td>$ 250,555</td>
<td>$ 352,260</td>
<td>$ 298,190</td>
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| **Oregon Institute of Technology** |                 |                   |                |
| Three-Term Average Occupancy | 485            | 496               | 496            |
| Income                  | $1,615,524     | $1,719,630        | $1,744,590     |
| Expenses                |                |                   |                |
| Personal Services       | $ 637,991      | $ 694,640         | $ 727,506      |
| Services and Supplies   | 349,852        | 470,055           | 456,483        |
| Food                    | 397,672        | 422,605           | 442,044        |
| Reserves/Interest on Reserves | (50,668)   | (53,000)          | (50,000)       |
| Debt Service            | 135,737        | 136,000           | 152,000        |
| Total Expenses          | $1,470,584     | $1,670,300        | $1,728,033     |
| Net Earnings (Loss)     | $ 144,940      | $ 49,330          | $ 16,557       |

1 Design rated capacity 865. Occupancy includes Oregon Police Academy program residents. Also includes 90 temporary occupancy of Maaske Hall.
2 $181,000 for consolidated dorms plus $75,000 in accordance with the Oregon Police Academy contract.
3 Design rated capacity 556.
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<thead>
<tr>
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<tbody>
<tr>
<td>Three-Term Average Occupancy1</td>
<td>290</td>
<td>235</td>
<td>280</td>
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<tr>
<td>Income</td>
<td>$ 902,612</td>
<td>$ 882,337</td>
<td>$ 961,635</td>
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<td>Expenses</td>
<td></td>
<td></td>
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<tr>
<td>Personal Services</td>
<td>$ 154,198</td>
<td>$ 166,386</td>
<td>$ 197,497</td>
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<td>Services and Supplies</td>
<td>326,155</td>
<td>274,987</td>
<td>306,449</td>
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<td>Food</td>
<td>350,921</td>
<td>325,269</td>
<td>333,432</td>
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<td>Reserves/Interest on Reserves</td>
<td>26,419</td>
<td>28,000</td>
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<td>Debt Service2</td>
<td>86,745</td>
<td>83,000</td>
<td>86,000</td>
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<td>Total Expenses</td>
<td>$ 944,438</td>
<td>$ 877,642</td>
<td>$ 960,378</td>
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<td>Net Earnings (Loss)</td>
<td>$ (41,826)</td>
<td>$ 4,695</td>
<td>$ 1,2573</td>
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<table>
<thead>
<tr>
<th>Oregon Health Sciences University</th>
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<tbody>
<tr>
<td>Three-Term Average Occupancy4</td>
<td>112</td>
<td>96</td>
<td>99</td>
</tr>
<tr>
<td>Income</td>
<td>$ 210,676</td>
<td>$ 210,000</td>
<td>$ 214,748</td>
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<tr>
<td>Expenses</td>
<td></td>
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<tr>
<td>Personal Services</td>
<td>$ 54,740</td>
<td>$ 67,500</td>
<td>$ 70,500</td>
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<tr>
<td>Services and Supplies</td>
<td>118,085</td>
<td>110,911</td>
<td>113,824</td>
</tr>
<tr>
<td>Food</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Reserves/Interest on Reserves</td>
<td>(1,393)</td>
<td>(1,300)</td>
<td>1,400</td>
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<tr>
<td>Debt Service</td>
<td>64,636</td>
<td>67,000</td>
<td>70,000</td>
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<tr>
<td>Total Expenses</td>
<td>$ 236,068</td>
<td>$ 244,111</td>
<td>$ 255,724</td>
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<tr>
<td>Net Earnings (Loss)</td>
<td>$ (25,392)</td>
<td>(34,111)5</td>
<td>(40,976)5</td>
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</table>

1 Design rated capacity 627. 147 of this rated capacity, applicable to Hunt Hall A & B, is being rededicated to Ed & General use.
2 Includes additional amount for required 1/4 year earning's emergency debt service reserve.
3 Earnings will be applied toward operating and debt service overdrafts accrued in prior year.
4 Design rated capacity 170.
5 Oregon Health Sciences University shows a net operating budget deficit projection for 1986-87 and 1987-88. The estimated deficit is funded by transfer from building fees as provided in IMD 6.315(2)(d).
Staff Report to the Committee

In response to the policy of the Board to develop a master plan to guide the development of each campus, Western Oregon State College officials developed Planning Assumptions and Objectives. These were approved by the Board at its September 20, 1985, meeting. Subsequently, the character and needs of the campus were carefully studied by a campus planning committee with the assistance of planning consultants Walker and Macy, and a Campus Development Plan was prepared. The Plan has been reviewed by City of Monmouth officials, whose approval is evidence that the institution's planning is compatible with the acknowledged Comprehensive Land Use Plan for the City.

The plan, which is forward-looking and flexible, will serve as a decision-making guide for the physical development of the campus. It includes campus boundaries, ultimate and intermediate enrollment projections, proposed building sites, proposed building densities, parking areas, pedestrian circulation and student housing, as well as service and infrastructure needs.

The Campus Development Plan, a copy of which is appended for Board members, is based upon a current enrollment capacity of 3,200 FTE students and is designed to accommodate 5,000 FTE, with the expectation that a 4,000 student level may be exceeded in the early 1990's. The Plan is expected to be reviewed and updated at regular intervals of approximately five years.

Recommendation to the Committee

The staff recommended the Campus Development Plan for Western Oregon State College be reviewed, comments made on specifics that may need further consideration prior to implementation, and be approved as a guide for the physical development of the campus.

Discussion and Recommendation by the Committee

Mr. Nelard said that all of the parcels of land not presently owned by the College were available. Unfortunately, it would require approximately $1.4 million to acquire all of the parcels.

President Meyers stated the plan represents the best thinking of both the campus and off-campus community. It is an achievable dream which is expected to make the campus even more of a premiere institution than it is at the present time.

Mr. Nelard added that the City of Monmouth had adopted this plan and it now becomes a part of their comprehensive land use plan. Western Oregon State College, among several State System institutions, has established for it a public service college zone so that it is a zone unique within its metropolitan area. That has some substantial advantages in processing planning permits because, once the plan has been approved, fewer formal hearings are required.
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The Committee recommended that the Board approve the staff recommendation as presented.

Board Discussion and Action

At the request of Mr. Chao, Mr. Neland presented the Committee report and recommendation.

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

Millar Library Expansion, PSU

Staff Report to the Committee

The 1987-1989 Capital Construction Request contains authorization for expansion of Millar Library, Portland State University, at $11,080,000 of General Funds.

Architects Skidmore, Owings & Merrill, Portland, designers of the original building, of which one-quarter of the anticipated full structure was constructed in 1966, have completed schematic design of a lateral addition of six levels. The addition will be placed east, toward the Park Blocks, as was anticipated in the original design concept. Future additions would be full-floor vertical additions to a maximum height of ten floors above grade.

The design concept creates a major new entrance, designed particularly to respect a significant tree located on the site, a copper beech tree approaching an estimated 100 years of age. The addition will not extend to the property line at the Park Blocks. It will provide over 78,000 gross square feet of added space, primarily devoted to stacks and reader space, both of which are under significant pressure in the Millar Library. The project provides housing for the reserve library and reading room, both currently located in Library East, a part of Smith Memorial Center.

The project also contemplates remodeling of nearly 30,000 square feet in the existing structure. Reworking of the ventilation system of the Library is an additional requirement anticipated in the project.

More specific information on this project is contained in the Project Presentation Form accompanying this report.

Staff Recommendation to the Committee

It was recommended that the Committee and the Board accept the schematic design for Millar Library Expansion, Portland State University, and direct the staff to proceed with project design,
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construction documents, bidding and award of contract, subject to release of funds for expenditure by the State Emergency Board, within a project budget limitation of $11 million of General Funds.

Discussion and Recommendation by the Committee

Mr. Neland presented the staff report and recommendation and responded to questions. He indicated details with respect to the design would be refined during subsequent planning.

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

Board Discussion and Action

Mr. Petersen asked if this were the first project the Board had approved under the new capital construction program. Mr. Neland indicated it was the first of the 1987-1989 projects although it had been in design for ten years.

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

Staff Report to the Committee

The Oregon Health Sciences University is prepared to proceed with various improvements to its basic utility distribution systems, affecting both the education and general plant as well as the hospitals and clinics facilities. The first elements of work will involve changes in mechanical and electrical distribution systems which will be impacted fairly immediately by construction of the parking structure for hospital and clinic patients.

The 1987 Legislative Assembly appropriated $2,800,000 of General Funds and authorized $2,475,000 of Article XI-F(1) bond borrowings to finance the Utilities Improvements projects at Oregon Health Sciences University.

The original electrical distribution system serving the Oregon Health Sciences University campus is basically 35 or so years old, and, through substantial building activity on that campus as well as significant increases in the use of technology in instruction, research and clinical services, has taxed the systems to the point of endangering the consistency of required loads. This project would eliminate an older substation by developing a loop system originating from a primary feeder point. Individual buildings would be equipped with transfer switches which would
permit transfer to an alternate power source in the event of downstream failure. The improvements should substantially decrease dependence on emergency generation capabilities, although that will remain in place and operative.

For the mechanical system, work would include replacement and rerouting of steam lines, enhanced valving, and upgrading of condensate return. The benefits of these improvements will be a more efficient scheduling of boiler operation at both peak and off-peak times. No increase in operation and maintenance expense is anticipated because of this project.

In order to proceed with portions of the project in the next few weeks, authorization to expend the legislated funds is required of the State Emergency Board, and it is requested that staff be authorized to seek such release at the next Emergency Board meeting.

Staff Recommendation to the Committee

The staff recommended to the Committee and the Board that authorization be given to seek approval of the State Emergency Board to expend $2.8 million of General Funds and $2,475,000 of Article XI-F(1) bond proceeds for Utility Improvements for the Oregon Health Sciences University.

Discussion and Recommendation by the Committee

In response to a question concerning costs, Mr. Neland commented that there should be enough economy to offset some of the additional costs. Maintenance costs, which are significant, should go down dramatically. There may be some increased costs in utilities as a result of natural growth, but it should be possible to pick up the normal building operations rather easily.

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

Board Discussion and Action

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

Authorization
To Use Quasi-Endowment Funds for PICU Remodeling, OHSU

Staff Report to the Committee

At the December 19, 1986, meeting the Board authorized the use of some quasi-endowment funds and gift funds for remodeling projects in the Pediatric Intensive Care Unit (PICU) and the Ear, Nose, and Throat (ENT) Clinic at the Oregon Health Sciences
University. At the time of the Board action, it was understood that $250,000 of the funds required were to come from unrestricted gift monies available to OHSU. Actually, the funds are for the unrestricted use of Doernbecher Children's Hospital purposes, but reside in restricted quasi-endowment accounts which require Board approval for usage.

To provide the $250,000 needed, the following endowment accounts would be closed and the balances made available for the PICU remodeling: Wilmar Bequest, $87,625; Behr Bequest, $17,800; and Wagner Bequest, $86,400. The dollar values are approximate as they depend upon the unit value of the endowment pool at the time of transfer. The remaining $58,200 would be a partial withdrawal from the Steide Endowment.

Staff Recommendation to the Committee

The staff recommended that the Committee and the Board authorize the use of the endowment funds described in the staff report to finance the approved remodeling of the Pediatric Intensive Care Unit, Doernbecher Children's Hospital, University Hospital South of the Oregon Health Sciences University.

Discussion and Recommendation by the Committee

In response to a question from Mr. Chao, it was indicated the intent of the donors had been checked with respect to the use of these gifts.

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

Board Discussion and Action

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

Resolution re Trauma Program, University Hospital, OHSU

Staff Report to the Committee

The Oregon Health Sciences University wishes to respond to a Request for Proposals, issued by the Health Division of the Department of Human Resources, for designation as a trauma facility. To do so, the governing authority of the University Hospital must endorse the program through a board resolution. Accordingly, the University asks the Board of Higher Education to consider passing a resolution supporting the Trauma Program at the Oregon Health Sciences University and supporting participation of the University Hospital in the statewide trauma system.
Trauma Program at ORSU

The Trauma Program at the Oregon Health Sciences University began with the opening of the University Hospital Emergency Room in 1965 to provide services to critically injured patients. From 1976 to 1978, the University developed faculty specially trained in emergency medicine to provide 24-hour faculty coverage in the Emergency Room. In 1980, the Medical Board of the Hospital appointed a Trauma Committee to begin the process of organizing resources to care for trauma patients. Specific surgical faculty were also recruited in 1980 to provide education, research and patient care services related to trauma.

During the last twelve months, University Hospital treated 566 patients for trauma, a 79% increase over the 317 cases treated in 1985-86. As the trauma caseload has grown, the Hospital has increased its 24-hour staffing capabilities in its operating rooms, emergency services, and key diagnostic services such as radiology, to meet the needs of providing services to trauma patients.

The University has been an active participant in the evolution of health care delivery systems in the Portland metropolitan area for the care and treatment of trauma patients. In addition to its patient care programs, University Hospital was designated as the Multnomah County Medical Resource hospital in February 1985. Since that time, the hospital has been instrumental in the development of trauma care in the county and has provided on-line (radio) medical advice to paramedics in the field. It has also served as the radio system in Multnomah and surrounding counties.

The Trauma Program and Research

Trauma is the number one killer of individuals aged 19 to 45. Various studies have demonstrated that development of an organized trauma system can significantly improve outcomes through better case management and concentration of resources. In comparison to other major diseases, little research has been conducted on trauma. A greater emphasis on research could further improve the morbidity and mortality results for trauma patients. Basic and clinical research related to trauma is a major interest of the Department of Surgery and of the interdepartmental Division of Emergency Medicine as well as other related departments including anatomy and cell biology, neurology, radiology, and ophthalmology.

Statewide Trauma System

The 1985 Legislature passed Senate Bill 147, now incorporated in ORS 431.607 through 431.619, directing the Health Division of the Department of Human Resources to examine the existing means by
which trauma patients are treated in Oregon and to develop a statewide trauma plan. The Health Division was further directed to develop a process, modeled after the American College of Surgeons Committee on Trauma standards, for categorizing or designating trauma facilities in northwestern Oregon counties by July 1, 1987, and for the rest of the state by July 8, 1988.

Working through the State Trauma Advisory Board and eleven Area Trauma Advisory Boards (ATAB), the state developed a Trauma Plan. On June 26, 1987, the State Health Division adopted the plan by administrative rule. Simultaneously, the ATAB-1 developed a plan to cover the greater Portland area, including the coastal communities. This area plan was incorporated into a request for proposal to be submitted by interested trauma hospitals. Designation of hospitals will occur October 12, 1987, by the Health Division.

Staff Recommendation to the Committee

The University requested and the staff recommended the Board, as the governing authority of the Oregon Department of Higher Education and of the Oregon Health Sciences University, pass the following proposed resolution:

The Oregon State Board of Higher Education recognizes the Trauma Program at the Oregon Health Sciences University as integral to the education, research and patient care mission of the university. The Board supports the participation of University Hospital in the Oregon State Trauma System and supports its application for designation.

Discussion and Recommendation of the Committee

In response to a question as to additional revenues anticipated from the trauma center, Mr. Witter said a specific revenue estimate had not been made for the impact of the trauma program, but trauma cases typically have services in the range of $8,000 to $15,000 just to deal with the acute trauma care, then there are the rehabilitation or other services that may be provided after the acute care. The volume of cases will probably double and the financial impact from additional revenue would be significant.

Mr. Lemman said, while there was a significant contribution to the revenue of the hospital, the patient load is of primary importance to the teaching and research function. There was brief further discussion of the importance to the educational program, the convenience for patients, and the competition for Level I designation.

President Laster said the Health Sciences University had been fortunate to recruit one of the leading experts in trauma research in the country as chairman of surgery at the medical school. The patients which would come to the trauma center are essential to his research.
The Committee recommended that the staff recommendation be approved as presented.

Board Discussion and Action

The Board approved the Committee recommendation and adopted the proposed resolution. The following voted in favor: Directors Adams, Altucker, Chao, Dodson, Hensley, Hermens, Nelson, Richardson, and Petersen. Those voting no: None.

Staff Report to the Committee

As described to the Board at its June 1987 meeting, actions were taken by the 1987 Legislative Assembly to use General Funds heretofore appropriated to the University Hospital in a manner which would enable the use of Title XIX federal funds to increase the total resources of the state for indigent care.

Because of the importance of this matter, the entire letter and accompanying exhibits from President Laster are included as Supplement A to these minutes.

Staff Recommendation to the Committee

The staff recommended that the Board authorize the staff to request that the Emergency Board transfer $9,364,976 to the Adult and Family Services Division to finance improvements in Title XIX Medicaid reimbursement.

The staff further recommended that a joint resolution with the Department of Human Resources be made to the Emergency Board to: (1) increase the expenditure limitation of the Adult and Family Services Division by $24,721,047 to allow for increased disbursements for services provided Title XIX patients during 1987-1989; (2) allocate $4,266,152 in General Funds to the University Hospital in support of indigent care during the initial phased implementation of the plan; and (3) allocate $24,006,906 to University Hospital on an ongoing basis in support of educational costs as described in Exhibit 3 included in Supplement A.

Discussion and Recommendation by the Committee

In presenting the staff report and recommendation, Mr. Lemman commented that the proposal would appear to benefit the hospital. It is anticipated other hospitals also would get a better reimbursement schedule.

Mr. Witter added that this plan would reimburse the University Hospital for the direct and indirect costs incurred related to the medical education program. It would also assure that the Medicaid program pays the full amount for those services. He
indicated the proposal had been structured with a view to maintaining the maximum amount of predictability for this biennium. There are some risks associated with future biennia and possible changes in the reimbursement policies at both the federal and state levels, but the plan represents a desirable social policy change and reimbursement change in terms of the evolution of these programs.

Mr. Lemman commented that he had reviewed the concerns expressed by the Board at an earlier meeting. If for some reason the proposed plan did not develop satisfactorily, Mr. Lemman said it would be his position to reinstate the Board’s original request that the entire amount be appropriated to University Hospital.

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

Board Discussion and Action

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

McKnight Estate Property, UO

On January 18, 1985, the Board authorized the sale by bid of the Mildred M. McKnight estate property—approximately 68 acres of farmland located about five miles west of Lebanon, Oregon. The property is surplus to the University of Oregon’s needs and is not being used to carry out the mission of the institution. The proceeds of the sale would have been used for the University library, all in accordance with Ms. McKnight’s will.

The property was advertised for sale by bid for $92,200, with 25% down and the balance payable in equal annual installments at 11% over a period not to exceed 30 years. At the June 21, 1985, Board meeting, it was reported that no bids were received for the property and that during the past six months attempts had been made to sell the property to anyone at not less than the advertised terms and conditions.

Since 1985, the property has been cash rented to a farmer living nearby.

Recently, a new appraisal was obtained. It reflects the fact that farmland has decreased significantly in value since 1985.

Staff Recommendation to the Board

The staff recommended that the property be advertised for sale by bid for a minimum of $67,800. If sold on contract, the minimum
acceptable terms would be a 20% down payment, payable on closing, with the balance payable in equal monthly or annual installments over a period not to exceed 30 years. Payments would include the principal and interest. The rate of interest would be comparable to the average lending institution rate in effect at the time the property is advertised for bid. If the advertised invitation to bid results in no acceptable bids, the staff would proceed to negotiate a sale for cash or on contract for not less than the advertised minimum bid price, terms, and conditions. All of the above procedures are authorized by ORS 273.201, 273.205, 273.211, and 273.216.

If the property is not sold within the six-month grace period, the Board’s staff further recommended that the staff be granted authority to obtain a second or revised appraisal so that the property can be readvertised for sale by bid, following the same procedures as described above. This additional authority would enable the staff to continue its effort to sell the property without having to return to the Board for further approval.

Board Discussion and Action

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

Staff Report to the Board

On or about April 10, 1983, the University of Oregon became aware that it was to be the recipient of the remainder of the Genevieve Burkes' estate consisting of improved real property located at 5535 S.W. 85th Avenue, Portland, Oregon. The legal description is Lots 12, 13, 14, and 15, Block 5, West Haven Terraces, Washington County, Portland, Oregon. The improvements consist of a one-story, 30-year-old ranch style home with 3,800 square feet (including full basement), a two car garage, and a horse barn.

In the will, L. Guy Marshall, an attorney, with the firm of Tooze, Kerr & Shenaker, Portland, was named as the personal representative of the estate.

On May 10, 1983, Mr. Marshall was notified by the law firm of Tonkon, Torp, Galen, Maramduke and Booth, Portland, that it represented Mr. Charles Creighton, a relative of the Burkes by marriage, who claimed ownership to all of the estate. The claim was referred by the University to James J. Casby, Assistant Attorney General, State of Oregon, who with other attorneys in the Department of Justice, represented the State of Oregon and the University.
Subsequently, the Circuit Court, Washington County, Portland, Oregon, rendered a Summary Judgment on May 30, 1985, that Charles Creighton and the University of Oregon each held a 50% undivided interest in the described property, the property should be listed for sale with a mutually agreed upon real estate firm, and the property should be sold within two years. All of the expenses relating to the sale, such as taxes, insurance, transfer fees, the realty commission, etc., were to be shared equally. In addition, Mr. Creighton was to be paid $2,500 from the gross proceeds as a credit for taxes he paid prior to March 29, 1985.

Both parties agreed to list the property for $159,000 with the Oregon Realty Company, Portland, beginning March 1, 1987. On June 23, 1987, Oregon Realty presented to the law firm of Tonkon, et al., a cash offer of $152,000 supported by a $5,000 promissory note as earnest money. The offer was contingent upon closing by July 2, 1987, and occupancy by August 2, 1987.

On June 23, 1987, the University notified the Board's staff of the offer. Assistant Attorney General Jerry Casby was also notified by telephone to Arizona. Mr. Casby advised that the offer be accepted in view of the court's ruling, which included selling the property within two years after May 30, 1985, and the fact that this was the only offer received in the three and a half months since the property was listed for sale.

Board Contract Officer Richard Perry apprised Board President, James Petersen, by telephone of the background and the need for immediate action. Mr. Petersen authorized Mr. Perry to agree to the offer of sale and to co-sign with Board Secretary Wilma L. Foster a Bargain and Sale Deed in order to confirm the Board's approval. The Deed was prepared and approved by James Mattis, Assistant Attorney General.

On July 9, 1987, Board President Petersen was sent the Deed by Federal Express for additional confirmation signature in order to satisfy the First American Title Insurance Company, Portland. Mr. Petersen returned the Deed directly to the escrow company. The closing date was July 13, 1987. The University's net proceeds were $68,914.93.

In accordance with the instructions in the will, the proceeds will be placed in a trust identified as the "Dr. D. C. Burkes and Family Memorial Lecture Fund" to be used "to provide for lectures on housing and architecture emphasizing social and public housing problems."

Staff Recommendation to the Board

The staff recommended that the Board approve the emergency action taken by Board President Petersen and the Board’s staff in order to close the sale within the period stipulated by the purchasers.
Board Discussion and Action

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

Staff Report to the Board

Capital projects which exceed $100,000 in value, and do not primarily involve maintenance of facilities, require approval of the Legislative Assembly or the State Emergency Board before contracts for construction can be executed.

Portland State University proposes to carry out remodeling of the northeast quarter of the third floor of Cramer Hall to permit the consolidation of major administrative offices within the east one-half of the third floor of Cramer Hall. The project carries a budget of $280,000, to be funded from institutional resources available for this purpose.

Specific details of the project are described in the accompanying Project Presentation form.

Staff Recommendation to the Board

It was recommended that the Board authorize staff to seek the approval of the State Emergency Board to award a construction contract for the remodel of the northeast quarter of the third floor of Cramer Hall, Portland State University, within a project budget of $280,000 from institutional resources.

Board Discussion and Action

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

Staff Report to the Committee

Introduction

On September 12, 1986, the Board's Committee on Instruction reviewed a request of Southern Oregon State College for two new program options in its computer science degree program. The new program options did not require formal Board action. Nevertheless, the request produced a lengthy discussion concerning the rapidly developing computer science programs in State System institutions.
Some years earlier, the Board had approved new computer science programs at Western Oregon State College and Southern Oregon State College on the basis that computer science had become an integral part of most undergraduate liberal arts programs and as such should be considered a general program allocation to all of the state’s undergraduate institutions. The request for additional program options at Southern raised questions, however, about the development of computer science curricula and their relationship to other aspects of our college and university programs. Dr. Gene Chao, in particular, questioned whether Southern Oregon State College’s new program in computer architecture belonged in the college’s liberal arts curriculum.

As a result of this discussion, the Committee directed the Office of Academic Affairs to prepare a report on computer science programs. Specifically, it asked three related questions:

1. What aspects of computer science are required on all campuses as part of a general education/liberal arts education?

2. What specialized areas of computer science exist on individual campuses and what areas should be added to better serve the citizens of Oregon?

3. What decisions need to be made now to accommodate expected future developments in the computer science discipline?

To answer these questions, the Office of Academic Affairs established an Interinstitutional Committee on Computer Science. The committee was composed of institutional representatives from both computer science departments and from other departments that are heavy users of computers. Dr. Chao agreed to serve as the representative of the Board on the committee. The committee began its work on November 24, 1986, and submitted its report to the Office of Academic Affairs on June 3, 1987. A copy of the report from the Interinstitutional Committee on Computer Science is included in the full report on file in the Board’s Office.

The report was reviewed by the Academic Council in June. Minor changes were requested in the report. On the whole, the Council praised the report and supported its major recommendations.

Staff Analysis

The committee report focuses on current trends in computer science, functional computer literacy, undergraduate computer science programs, graduate education and research, facilities, and staffing. The report builds upon an earlier report which was adopted by the Board of Higher Education on February 24, 1984, entitled, "Policies for Instructional and Research Computing." (See Appendix D of Committee report.)
The picture that emerges from this report is not very encouraging. While the institutions have developed adequate undergraduate computer science programs and expertise in a few areas of graduate instruction and research, Oregon is behind the rest of the country in most areas of academic computing. Many faculty remain computer illiterate. Most departments have been unable to add computer courses that train students to use computers in their disciplines. Computer workstations are not available for most students. Campus computer networks are in their infancy. Library automation has not received support in the Legislature. The Board’s request for academic computing funds was ignored in the last session, leaving the prospects for necessary improvements doubtful.

These prospects are especially disappointing in light of Oregon’s interest in better serving business and industry in the state, as well as in attracting new high technology companies. The best we can tell a prospective employer is that we have good graduate and research programs in some areas and are willing to work with the company to expand areas of mutual interest. The State System needs to put more resources into computer science programs and needs a plan for doing so.

The committee report recommends that the Board:

1. Give a high priority to planning and coordination of academic computing.

2. Develop an aggressive program to promote functional computer literacy for the faculty.

3. Promote curricular changes that will ensure that students are able to use computers in their majors.

4. Ensure that students are able to use computers in their majors.

5. Promote the development of minors in computer science.

6. Augment current graduate and research programs in computer science.

7. Provide resources to buy more computers for student workstations.

8. Strengthen system level and interinstitutional computer networks, large-scale computing, and automated library systems.
Staff Recommendation to the Committee

The staff recommended that the Board accept the report of the OSSHE Computer Science Program Review Committee and direct the Chancellor's Office to develop a plan for implementing its major recommendations. Specifically, academic computing should receive priority in discussions with the Governor and his staff about the needs of higher education in Oregon. The augmentation of graduate and research programs in computer science should be considered as a part of the Governor's "Oregon Comeback" program. Financing alternatives including bonding and the use of student fees or charges should be evaluated as means of providing additional student computer workstations. Finally, the staff recommended that the OSSHE Computer Science Review Committee continue to advise the Chancellor's Office on plans to strengthen academic computing in the State System.

Discussion and Recommendation by the Committee

Dr. Pierce presented the staff report and recommendations and indicated Dr. Walter Rudd, Chairman of the OSSHE Computer Science Review Committee, would review the basic findings of the report.

Mr. Hensley inquired whether the intent of the recommendation to continue the interinstitutional committee was that it would make periodic reports to the Board.

Dr. Pierce said the interinstitutional committee would be used to help develop the plan and participate in the debate that would ensue when the Board actually considered the plan for computer science.

Dr. Rudd described the procedure and composition of the interinstitutional committee, the changes in computer science during the past 20 years, the funding difficulties to meet the needs of a rapidly-expanding discipline which is in great demand, and the present utilization of computers in all fields. He noted the shortages of equipment, faculty, and funding.

Mr. Hensley said one of the things that had prompted the report was a concern of Mr. Chao about the installation of computer architecture in an earlier request from Southern Oregon State College. Computer architecture was not addressed in the report and he asked Dr. Rudd what the committee's recommendation would be in that regard.

Dr. Rudd said it had not been included in the report because the issue did not arise. Computer architecture is not a discipline although it is offered in some departments. In addition, it is very difficult to hire people in these areas, and they are very expensive.
Mr. Alltucker asked how many credit hours might be required to bring the average student to an understanding of what computers can do, and more specifically, how computers can help the students in their own disciplines.

Dr. Rudd said a four-credit class comprised of three lecture hours and one laboratory hour has worked well in the computer science department at Oregon State University. The lecture course emphasizes what a computer is, what it does, and the functions that it carries out. In the laboratory, students practice these functions on various computers.

Mr. Alltucker also asked whether society had reached a point in Oregon where a primary understanding of computers should be acquired at the primary-secondary level and be a part of the State System's entrance requirements. Dr. Rudd said this should be done as fast as possible.

President Blake commented that the report should be more institutionally specific. He then summarized the accomplishments at Oregon Institute of Technology. While it has not satisfied all of its needs, it has been recognized as a leader in the nation.

Dr. Richard Perry reported that the Board's Office staff fully supported the standards set forth in the California State University System, although some of the cost estimates were somewhat expensive and similar results might be obtained through the use of other alternatives.

Dr. Pierce said a major purpose of the plan suggested to the Board is to present a request for academic computing which fully describes the importance of academic computing to the missions of the institutions, to the academic programs, to the research missions of the institutions, and to the State System's role in economic development. This should provide a broader base of support for possible approval of the funding request for computing.

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

Board Discussion and Action

Dr. Pierce presented the Committee report, and Mr. Hensley moved that the report be accepted and the recommendation of the Committee approved.

Mr. Chao urged Dr. Pierce to be certain that the data base justifying the numbers of terminals, minicomputers, and mainframes be made very evident on any report, including executive summaries of reports, so that the foundation upon which the report is based would be very clear.
The Board approved the motion by Mr. Hensley, with the following voting in favor: Directors Adams, Alltucker, Chao, Dodson, Hensley, Hermens, Nelson, and Petersen. Those voting no: None. Director Richardson was absent from the meeting at this time.

A Plan for Library Automation

Staff Report to the Committee

This is a proposal to move ahead with critically-needed automation of the State System's libraries.

Background

Computers are revolutionizing academic libraries. On many campuses, patrons are able to search for library materials from their offices or dormitory rooms. They have access to the books not only on their campus but in other libraries as well. Computers enable users to do serials searches electronically, and communicate with colleagues by electronic mail across the country. We are entering a new era of vastly improved academic communications made possible by the use of computers.

Library automation is an integral part of this communications revolution. Modern academic libraries usually have an automated library acquisitions system; an online, public access catalog; and an online circulation control system. New library automation products are being developed daily that enable library users to have quicker and more complete access to library materials. Without an automated library colleges and universities cannot provide the services most faculty and students expect. To be competitive in research, faculty must have rapid access to materials, which can only be provided by an automated library.

For at least the past five years, library automation has been a priority of the campuses and the State Board. The first strategic plan adopted by the Board in May 1983 contained the following recommendation:

Recommendation 38: A high priority should be given to acquiring books and journals for State System libraries and to exploring new technologies for recalling needed information. The conversion of manual library process to computer processes is also essential to reduce library costs.

A similar recommendation appeared in the second strategic plan adopted by the Board in July 1986.

Recommendation 14: The State System will provide high quality and accessible library services to students and faculty by seeking funds for a coordinated library automation system and improved library collections and staffing.
In January 1985, the Board received a document entitled, "OSSHE Long-Range Data Processing Plan, 1985-91." It contained a section on library automation including proposed budgets to implement the library automation portion of the plan.

Governor Atiyeh included a $6 million request for library automation in his 1985 budget proposal. Although the education subcommittee of the Joint Committee on Ways and Means discussed the need for library automation, it did not appropriate funds for the project.

Governor Goldschmidt did not include the Board's $6.3 million request for library automation funds in his 1987 budget request. The topic did not even come up this past session.

The Current Situation

Limited steps have been taken on each campus to make library resources more accessible. Each institution has joined networks that provide online cataloging information. Each has automated aspects of its book and serials acquisitions processes and has converted large parts of its card catalogs to machine readable form. These small steps have been taken by reallocating limited library resources which were needed for book and serials acquisitions and staffing.

In general, however, State System libraries are well behind most academic libraries, both in terms of their holdings and their use of modern computing processes. While the Board was successful in obtaining funds to expand the Portland State University Library and to plan for the expansion of the University of Oregon Library, no progress has been made in obtaining funds for library automation. Some way must be found to provide up-to-date library automation systems for the eight State System libraries. These systems are essential to serve faculty and students adequately and to reduce the increasing costs of maintaining antiquated card catalogs and circulation systems.

The Policy Issues

As stated above, the OSSHE library automation system was incorporated in the overall OSSHE Long-Range Data Processing Plan. Up to this point, the State System has attempted to obtain funds for an integrated library system in which all institutions would have the same systems tied together by either a common bibliographic data base or by a common communications link which would make campus data bases transparent to the users. Initially, library automation was tied to the Total Information System (TIS). In preparation for the 1987 legislative session, library automation was split off from the administrative information systems acquisition plan, but it remained a component of the TIS communications network. A separate library automation system Request for
Proposal (RFP) was prepared with the assistance of a well-known national consultant. If the Legislature had provided funds, the RFP would have asked vendors to supply the same acquisitions, online catalog, and circulation systems for all eight institutions.

The facts are that the Legislature has not provided funds for library automation and the prospects of it doing so are not especially good. A new approach is needed, therefore, to avoid further delays and degradation of our academic library services.

Several alternatives have been explored with the library directors, the national consultant who prepared the RFP, and the academic vice presidents and deans. It is the overwhelming consensus that each institution should move ahead as soon as possible with the purchase of library automation systems.

In order to do this, the Board’s staff, working with the institutions, should develop a library automation plan. The plan would permit each institution to move ahead with the purchase of needed library automation systems as individual campus resources permit. Included in these purchases would be software supporting an automated library acquisitions system; an online, public access catalog; and an online circulation control system. The plan would establish required standards for interlibrary communications and interlibrary resource sharing. Adequate resource sharing may require the purchase of an interlibrary loan module to enable users to search catalogs across institutional boundaries. The plan would also encourage institutions to work cooperatively in obtaining standardized products. Standardized products would facilitate resource sharing and could lead to pricing discounts.

The principal advantage of the campus-by-campus approach would be that it would enable institutions, using their own and possibly outside funds, to move ahead with library automation. Because of the urgency of automating institutional libraries, all of the institutions support this approach even though some of them will have difficulty coming up with the required resources to do so.

The principal disadvantage would be that the resultant library automation systems might not be as fully integrated as originally envisioned in the State System’s Long-Range Data Processing Plan 1985-91. The smaller institutions may also have difficulty generating sufficient funds internally for library automation and would need help in raising required resources.

In general, the staff believes it is better to move ahead with library automation on a campus-by-campus basis than to wait for the legislature to fund a fully integrated system. This revised approach will require cooperation among the institutions and with the Board’s staff. Special attention will have to be given to
the compatibility of library acquisition systems and the financial components of new administrative data processing systems. To ensure that library services can be shared by users across institutional boundaries, library automation systems will have to support common communications protocols.

Staff Recommendation to the Committee

The staff recommended that the Board direct the Board’s staff to work with the institutions in developing a library automation plan that permits institutions to purchase library automation systems as soon as individual campus resources permit. The library automation systems should be designed to meet the needs of the campuses and at the same time provide effective resource sharing among State System institutions.

Discussion and Recommendation by the Committee

Mr. Hensley inquired whether this proposal would have an adverse effect on the Total Information System plan. Dr. Pierce said the Total Information System would provide the communication network which would permit the transfer of information among the institutions. Library automation would be part of the entire Total Information System. The actual machines and programs would be on each campus. This is a logical arrangement in the area of libraries because 95-98% of the activity is internal to the campus.

Mr. Hermens inquired about the Legislature’s potential response to build the library automation system separate from the funding for the Total Information System.

Dr. Pierce responded that money had never been requested from the Legislature for the Total Information System. Further, he said he would hope the Legislature would applaud the State System’s determination to move ahead with this from internal resources. He said library automation had been identified for five years as being absolutely essential to the academic side of the university but the Legislature had not provided necessary funding. The Board should then be in a stronger position to request library support at the next session in the area of research collections, staffing, and holdings.

Mr. Hensley commented this plan would be in keeping with guidelines the Governor has tried to establish to identify other sources and resolve problems without seeking legislative funding.

Mrs. Nelson said libraries do not seem to carry a high priority politically. She said the State System should do the best it could with its own resources because the plan was unlikely to receive the support it deserved.
Mr. Hensley commended the staff for the efforts they have made in the visionary way they have handled this project. He said it was an excellent way to demonstrate to the public that the Board and the State System could manage with limited resources and be innovative in its programs.

The Committee recommended that the Board approve the staff recommendation and move ahead with this program.

**Board Discussion and Action**

At the request of Mr. Hensley, Dr. Pierce presented the report and recommendation of the Committee.

Mr. Hermens indicated that library automation and improvement had been a high priority for students during meetings of the student body presidents.

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

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**SUMMARY OF FACILITIES DIVISION ACTIVITIES, OFFICE OF ADMINISTRATION**

**Staff Report to the Board**

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

**Contracts for Professional Consulting Services**

- **Surface Parking Improvements, EOSC**
  An Agreement was negotiated with Soderstrom Architects, P.C., Portland, for architectural services at a cost not to exceed $23,334. Funding will be provided from the Eastern Oregon State College Parking Program.

- **Consulting Services, Interior Design, UO**
  An Agreement was negotiated with Morrow & James, Interior Design Associates, Eugene, for consulting services at a cost not to exceed $1,500. Funding will be provided from resources available to the institution.

- **Consulting Services, OHSU**
  An Agreement was negotiated with Ankrom Moisan Associated architects, Portland, for architectural services at a cost not to exceed $32,000. Funding will be provided from funds available to the institution.

- **Medical Research/Basic Science Air Balancing, OHSU**
  An Agreement was negotiated with Air Balancing Specialty, Inc., Portland, for consulting services at a cost not to exceed Science $68,640. Funding will be provided from resources available to the institution.
An Agreement was negotiated with David R. McMillan, Architect, Portland, for architectural services at a cost not to exceed $7,000. Funding will be provided from maintenance funds available to the institution.

**Award of Construction Contracts**

On June 29, 1987, Colamette Construction Co. was awarded a contract for this project in the amount of $587,777. Financing is provided from state funds paid by the Oregon Police Academy.

On June 5, 1987, Umpqua Roofing Co., Inc., was awarded a contract for this project in the amount of $252,260. Financing is provided from reserve balances available to the Housing Department.

On June 15, 1987, North Santiam Paving Co. was awarded a contract for this project in the amount of $102,280. Financing is provided from Parking Program reserves.

On June 12, 1987, JAL Construction, Inc., was awarded a contract for this project in the amount of $29,308.45. Financing is provided from state funds (Lottery).

On June 29, 1987, Dale Ramsay Construction Co. was awarded a contract for this project in the amount of $214,933. Financing is provided from funds available to the institution.

On May 7, 1987, Classic Woodworking, Inc., was awarded a contract for this project in the amount of $52,700. Financing is provided from funds made available to the institution.

On June 8, 1987, New Way Electric, Inc., was awarded a contract for this project in the amount of $85,512. Financing is provided from funds made available to the institution and reimbursement from Bonneville Power Administration.
Hayward Field  
(Stevenson Track) Project, UO  
On June 10, 1987, Powers Products Co. was awarded a contract for this project in the amount of $253,298. Financing is provided from gift and state funds.

OIMB (Sea Water Improvements), UO  
On June 19, 1987, Baysinger Construction Co. was awarded a contract for this project in the amount of $41,500. Financing is provided from NOAA funds.

University Inn ECMS  
BPA/IBP, UO  
On June 8, 1987, New Way Electric, Inc., was awarded a contract for this project in the amount of $11,290. Financing is provided from funds made available to the institution and reimbursement from Bonneville Power Administration.

Westmoreland Family Housing Exterior Painting Phase III, UO  
On May 14, 1987, Jon Trent Painting was awarded a contract for this project in the amount of $16,480. Financing is provided from funds through the Housing Department.

Baird Hall Room 2034, Lab Upgrade, OHSU  
On May 28, 1987, Todd Hess Building Co. was awarded a contract for this project in the amount of $24,200. Financing is provided from funds available to the institution.

UHS, Ventilation, Mechanical & Electrical Systems Upgrade, OHSU  
On May 28, 1987, Contractors, Inc., was awarded a contract for the Hospital and Clinics Rehabilitation & Alterations (UHS, Ventilation, Mechanical & Electrical Systems Upgrade) (EDA) Project in the amount of $2,722,000. Financing is provided from federal funds (EDA).

UHS, C-Wing North Addition, Relocation of Utilities, OHSU  
On June 29, 1987, Marv’s Utility Specialists was awarded a contract for the Hospital and Clinics Rehabilitation & Alterations (UHS, C-Wing North Addition, Relocation of Utilities) Project in the amount of $64,000. Financing is provided from federal funds (EDA).

Mackenzie Hall Electrical Distribution System Upgrade, OHSU  
On June 29, 1987, Adams Electric Company, Inc., was awarded a contract for this project in the amount of $34,640. Financing is provided from funds made available to the institution.

Acceptance of Projects

College Center Remodel (Bookstore), WOSC  
This project is complete and was accepted on May 11, 1987. The estimated total project cost remains at $560,331. Financing was provided from excess building fee sinking fund reserves.
The Electrical and Computer Engineering Buildings - Related Alterations (Handicapped Accessibility Phase II) Project is complete and was accepted on May 13, 1987. The estimated total project cost remains at $176,142. Financing was provided by State Funds (Lottery).

The Electrical and Computer Engineering Building - Related Alterations, Project No. 6: Rogers Hall Alterations, is complete and was accepted on May 29, 1987. The estimated total project cost remains at $18,012. Financing was provided by State Funds (Lottery).

This project is complete and was accepted on June 26, 1987. The estimated total project cost remains at $24,500. Financing was provided from state funds.

This project is complete and was accepted on June 1, 1987. The estimated total project cost remains at $24,500. Financing was provided from funds made available by the Associated Students of the University of Oregon.

This project is complete and was accepted on June 8, 1987. The estimated total project cost remains at $114,635. Financing was provided from funds made available to the institution.

This project is complete and was accepted on May 8, 1987. The estimated total project cost remains at $402,490. Financing was provided from reserve balances available to the Housing Department.

This project is complete and was accepted on June 12, 1987. The estimated total project cost remains at $36,001. Financing was provided from funds available to the institution and reimbursement from Bonneville Power Administration.

This project is complete and was accepted on April 27, 1987. The estimated total project cost remains at $1,219,250.14. Financing was provided from NOAA funds.

This project is complete and was accepted on July 1, 1987. The estimated total project cost remains at $334,402. Financing was provided from NOAA funds.
CIMB, Bid Package III, UO  This project is complete and was accepted on June 23, 1987. The estimated total project cost remains at $589,613. Financing was provided from NOAA funds.

Prince Lucien Campbell ECMs BPA/IBP, UO  This project is complete and was accepted on June 2, 1987. The estimated total project cost remains at $60,189. Financing was provided from funds made available by the institution and reimbursement from Bonneville Power Administration.

Mackenzie Hall Window Replacement, Phase II, OHSU  This project is complete and was accepted on June 9, 1987. The estimated total project cost remains at $275,351. Financing was provided from state funds.

Board Discussion and Action

The Board accepted the report as presented.

ITEMS FROM BOARD MEMBERS

Mr. Hensley reported that the Committee on Instruction had considered two additional reports. The first was a progress report from President Laster on the Advanced Biomedical Institute. The Committee accepted the report with the stipulation that it receive an annual report on the progress being made by the Institute. The second report was on the nursing master’s degree program for the Medford area. He indicated that when the Board had approved the program, it stipulated that it would have 40 students. It presently has 35 according to the people at the Oregon Health Sciences University who are in charge of producing this program. The Committee evaluated this fact and instructed the Health Sciences University to continue with this program this fall, even though it was five short of what the Board had approved. Mr. Hensley said it was the feeling of the staff that this was a pilot program and the first of its kind within the State System. The staff and the Committee believed it was very important to produce this program even without the additional five students.

Mr. Alltucker said that in connection with the Advanced Biomedical Institute, the Committee also had stipulated that the organization should be structured in a way that would encourage the cross-pollenization with other scientists, institutions, and the private sector in the area.

PRESIDENT’S REPORT

Mr. Hensley said Mr. Petersen had requested him to remind the Board and staff that the next meeting would be preceded by a retreat beginning at noon on Wednesday, September 9. The Board meeting and retreat will be held at the Oregon Institute of Marine Biology at Charleston.
COMMUNICATIONS The Secretary said she had received a letter from Mr. Perry indicating that he would not be reappointed to the Board. He asked that she express to the members of the Board:

"...my appreciation for their spirited dedication to the best interests of the state and higher education and my best wishes for 1987-88. The same comment applies to the Chancellor and staff, and particularly to you.

"There comes a time when change is necessary. I am sure the Governor's interest in higher education will cause him to make sure that the new appointee carries the same spirit of dedication to the cause that all of you have."

ADJOURNMENT The Board meeting was adjourned at 12:05 p.m.

James C. Petersen, President

Wilma L. Foster, Secretary
July 13, 1987

Chancellor Davis  
Oregon State System of Higher Education  
P.O. Box 3175  
Eugene, OR 97403

Dear Chancellor Davis:

In response to a directive of the 1987 Legislature, the Oregon Health Sciences University has been working with the Adult and Family Services Division of the Department of Human Resources to develop a plan for the allocation of $37.6 million being held by the Emergency Board for the support of the University's educational costs and costs of medical care at University Hospital. We would like to schedule the plan for discussion at the July 24th Board of Higher Education meeting and for consideration of its joint submission with the Department of Human Resources to the August Emergency Board meeting.

BACKGROUND

In the past, the rationale underlying the General Fund appropriation to University Hospital has been the support of higher costs borne by the Hospital due to its educational programs and the extraordinary level of revenue deductions incurred because of high levels of indigent care. From time to time, members of the Legislature and others involved in health care in Oregon have considered the use of the University Hospital General Fund appropriation to support indigent care in other institutions in the state. However, in the past, this approach was not adopted because it would have left University Hospital in dire financial straits.

Changes that have been made in the payment mechanisms employed by the Adult and Family Services Division in recent years now make such an approach possible, since many categories of costs at University Hospital are severely underpaid or not recognized at all. Thus, the 1987 Legislature, faced with a statewide problem regarding the financing of indigent care and access to adequate healthcare by the poor, took steps to use some of the University Hospital appropriation to leverage additional federal matching funds and acquire increased support for indigent care in the state. In entering into such a process, the intent of the Legislature was to hold University Hospital harmless.
As reported to the June 19th meeting of the Board of Higher Education, the Legislature appropriated $37,638,034 to the Emergency Board to support Oregon Health Sciences University educational costs and costs of medical care at the University Hospital. Section 4 of H.B. 5007, the appropriation bill, is attached as Exhibit 1. University Hospital and the Adult and Family Services Division were directed to develop a plan whereby a portion of these funds might qualify for federal matching for indigent care under the Title XIX Medicaid program. The funds to support such a plan must be allocated prior to January 1, 1988. University Hospital and Adult and Family Services have worked jointly on the plan and identified that $13,631,128 could be used to leverage an additional $22,350,836 in federal funds. Due to the need to phase the plan implementation during 1987-88, the 1987-89 biennial effect will be the use of $9,364,976 General Funds to attain increased federal funds of $15,536,071.

MEDICAID EXPANSION PLAN

The plan for the expansion of the federal Title XIX Medicaid program encompasses the five elements envisioned in H.B. 5007: direct and indirect medical education costs; disproportionate share reimbursement; cost outliers; and improved outpatient reimbursement. The provisions of the plan will be applied consistently to all hospitals in Oregon (except qualified rural hospitals reimbursed at 100% of cost under the provisions of S.B. 428) in order to qualify for federal matching funds.

The plan has been designed to minimize the risks and maximize the predictability for both University Hospital and the Adult and Family Services Division. Generally, the provisions for increased payments, once determined, will remain constant throughout the biennium. In succeeding biennia, it is expected that the factors will be updated in the budget process and will then again be fixed for succeeding two-year periods.

Direct Medical Education. Reimbursement of direct medical education costs will be increased to 100% of costs incurred for services provided to Title XIX Medicaid clients. The payment will be based on Medicare audited educational cost applied to Title XIX utilization. This change will become effective as of October 1, 1987, and payments will be made on a quarterly basis after the end of each quarter.

Indirect Medical Education. Reimbursement of indirect medical education costs will be determined based on Medicare principles of reimbursement that apply as of July 1, 1987. The Medicare incremental factor for indirect medical education will be applied to payments for Title XIX discharges. This change will become effective as of October 1, 1987, and payments will be made on a quarterly basis after the end of each quarter.

Disproportionate Share Reimbursement. Hospitals who serve a disproportionate number of Title XIX and General Assistance patients will receive increased payments for Title XIX inpatient days. An extra five percent will be paid for each standard deviation of Title XIX and GA patient days above the statewide mean. This change will become effective as of October 1, 1987, and payments will be made on a quarterly basis after the end of each quarter.
Cost Outlier Payments. Additional payments at 70% of cost will be made for specific high cost cases which have costs in excess of a threshold of 250% of the DRG payment. This change will require programming changes to the claims payment system of AFS and will therefore not become effective until January 1, 1988. Payments will be made on a claims processed basis, and a three month billing lag by providers is assumed.

Outpatient Reimbursement. Adult and Family Services will return to the payment methodology that existed prior to July 1, 1986. With the exception of laboratory services which must be paid based on a federal fee schedule, providers will be paid 75% of outpatient costs for services provided Title XIX patients instead of 50% of billed outpatient charges. This change will become effective as of October 1, 1987. Payments will be made on a claims processed basis, and a three month billing lag by providers is assumed.

FINANCING

During the 1987-89 biennium, the plan to increase Title XIX Medicaid payments will require the expenditure of $9,364,976 in General Funds. These will be matched by $15,356,071 in Federal Funds for a total cost of $24,721,047. Because of the phased implementation of the expansion plan during 1987-88, the ongoing biennial costs of the plan are $13,631,128 General Funds and $22,350,836 Federal Funds. Exhibit 2 details the total cost of each component of the plan for both the current and future biennia (constant 1987 dollars).

The General Funds currently held by the Emergency Board need to be allocated as follows to finance the plan:

<table>
<thead>
<tr>
<th></th>
<th>1987-88</th>
<th>1988-89</th>
<th>1987-89</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total General Funds</td>
<td>$18,819,017</td>
<td>$18,819,017</td>
<td>$37,638,034</td>
</tr>
<tr>
<td>Allocations to University Hospital:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In support of education costs</td>
<td>12,003,453</td>
<td>12,003,453</td>
<td>24,006,906</td>
</tr>
<tr>
<td>In support of indigent care</td>
<td>4,266,152</td>
<td>0</td>
<td>4,266,152</td>
</tr>
<tr>
<td>Allocation to Adult &amp; Family Services</td>
<td>$2,549,412</td>
<td>$6,815,564</td>
<td>$9,364,976</td>
</tr>
</tbody>
</table>

The plan expansion can be financed by the transfer of General Funds otherwise available to University Hospital to the Adult and Family Services Division. The General Funds transferred will be returned to University Hospital as increased Title XIX payments. The net increased funds to be gained by the Hospital are estimated at $2,516,375 in 1987-89 and $3,203,035 in future biennia.
ACTIONS REQUESTED

The University requests that the Board recommend the transfer of $9,364,976 by the Emergency Board to the Adult and Family Services Division to be used to finance improvements in Title XIX Medicaid reimbursement.

The University further requests that a joint recommendation (with the Department of Human Resources) be made to the Emergency Board to: 1) increase the expenditure limitation of the Adult and Family Services Division by $24,721,047 to allow for increased disbursements for services provided Title XIX patients during 1987-89; 2) allocate $4,266,152 in General Funds to University Hospital in support of indigent care during the initial phased implementation of the plan; and 3) allocate $24,006,906 to University Hospital on an ongoing basis in support of educational costs (See Exhibit 3).

Sincerely,

[Signature]
David M. Witter, Jr.
Hospital Director

Approved:

[Signature]
Leonard Laster, M.D.
President

LL:ba
8406D
SECTION 4. (1) In addition to and not in lieu of any other appropriation, there is appropriated to the Emergency Board, out of the General Fund, for the biennium beginning July 1, 1987, the sum of $37,638,034 which may be expended to support Oregon Health Sciences University educational costs and costs of medical care at the University Hospital. The Emergency Board shall release to the University Hospital or to the Adult and Family Services Division, or both, a determined portion of the funds upon submission of a plan by the University and the Adult and Family Services Division to use that portion to match available federal funds for indigent care including but not limited to direct and indirect medical education costs, disproportionate share reimbursement, cost outliers and outpatient care. However, if a plan cannot be developed which meets the financing requirements of the University Hospital, the Emergency Board shall release the funds to the University Hospital.

(2) If not all of the money referred to in subsection (1) of this section is allocated by the Emergency Board prior to January 1, 1988, the money on that date becomes available for any other purpose for which the Emergency Board lawfully may allocate funds.
### 1987-89 Biennium

<table>
<thead>
<tr>
<th>Program Expenditures</th>
<th>Time Period</th>
<th>Additional General Funds</th>
<th>Additional University Hospital Funds</th>
<th>OHSU Net Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Medical Education</td>
<td>18 Months</td>
<td>$2,287,179</td>
<td>$864,783</td>
<td>$1,807,981</td>
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<tr>
<td>Indirect Medical Education</td>
<td>18 Months</td>
<td>4,127,656</td>
<td>1,563,969</td>
<td>3,318,485</td>
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<tr>
<td>Disproportionate Share</td>
<td>18 Months</td>
<td>1,502,789</td>
<td>569,407</td>
<td>996,625</td>
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<tr>
<td>Cost Outliers</td>
<td>15 Months</td>
<td>11,327,133</td>
<td>4,291,851</td>
<td>7,035,282</td>
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<tr>
<td>Outpatient to 75% Cost</td>
<td>18 Months</td>
<td>5,478,290</td>
<td>2,074,966</td>
<td>3,203,903</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$24,721,047</strong></td>
<td><strong>$9,364,976</strong></td>
<td><strong>$11,881,351</strong></td>
</tr>
</tbody>
</table>

#### Source of Funding

- **General Funds**: \$9,364,976 to University, \$0 to Other Hospitals
- **Other Funds (Federal Title XIX Match)**: \$15,356,071 to University, \$12,839,696 to Other Hospitals

**Total**: \$24,721,047 to University, \$11,881,351 to Other Hospitals

### 1989-91 Biennium

<table>
<thead>
<tr>
<th>Program Expenditures</th>
<th>Time Period</th>
<th>Additional General Funds</th>
<th>Additional University Hospital Funds</th>
<th>OHSU Net Gain (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Medical Education</td>
<td>24 Months</td>
<td>$3,049,572</td>
<td>$1,153,043</td>
<td>$2,410,641</td>
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<tr>
<td>Indirect Medical Education</td>
<td>24 Months</td>
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<td>2,085,292</td>
<td>3,418,249</td>
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<tr>
<td>Disproportionate Share</td>
<td>24 Months</td>
<td>2,003,718</td>
<td>759,209</td>
<td>1,244,509</td>
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<tr>
<td>Cost Outliers</td>
<td>24 Months</td>
<td>18,123,413</td>
<td>6,866,962</td>
<td>11,256,451</td>
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<tr>
<td>Outpatient to 75% Cost</td>
<td>24 Months</td>
<td>7,301,720</td>
<td>2,766,622</td>
<td>4,535,098</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$35,981,964</strong></td>
<td><strong>$13,631,128</strong></td>
<td><strong>$16,834,163</strong></td>
</tr>
</tbody>
</table>

#### Source of Funding

- **General Funds**: \$13,631,128 to University, \$0 to Other Hospitals
- **Other Funds (Federal Title XIX Match)**: 22,350,836 to University, 19,147,801 to Other Hospitals

**Total**: \$35,981,964 to University, \$16,834,163 to Other Hospitals

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(1) Based on General Fund being equal to 38% of Total Funds.
OREGON HEALTH SCIENCES UNIVERSITY
UNIVERSITY HOSPITAL

EMERGENCY BOARD SUMMARY REQUEST

Increase in Expenditure Limitation

<table>
<thead>
<tr>
<th>1987-89 Expenditure Limitation</th>
<th>General Funds</th>
<th>Other Funds</th>
<th>Total Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult &amp; Family Services</td>
<td>$9,364,976</td>
<td>$15,356,071</td>
<td>$24,721,047</td>
</tr>
<tr>
<td>University Hospital</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
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<td>Total</td>
<td>$9,364,976</td>
<td>$15,356,071</td>
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Allocation of Appropriation

<table>
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<tr>
<td>Subtotal</td>
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<td>$13,631,128</td>
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Carryforward Appropriation Effect
(1987 Dollars)

<table>
<thead>
<tr>
<th>General Funds</th>
<th>1989-90</th>
<th>1990-91</th>
<th>1989-91</th>
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<tr>
<td>In Support of Indigent Care</td>
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