MINUTES OF REGULAR MEETING OF THE
STATE BOARD OF HIGHER EDUCATION HELD
September 7, 1989

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PRESIDENT’S REPORT

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

The meeting was called to order at 9:30 a.m., September 7, 1989, by the President of the Board, Mr. Richard F. Hensley, and on roll call the following answered present:

Mr. Robert R. Adams
Mr. Bob Bailey
Mr. Tom Bruggere
Mr. Mark S. Dodson
Mrs. Kasey Holwerda
Mr. Gary Johnston

Mr. Rob Miller
Mr. George E. Richardson, Jr.
Mr. Leslie Swanson, Jr.
Ms. Janice J. Wilson
Mr. Richard F. Hensley

Absent: None.

OTHERS PRESENT

Centralized Activities—Chancellor Thomas Bartlett; Secretary Wilma Foster; W. T. Lemmon, Executive Vice Chancellor; Dick Hill, Interim Vice Chancellor, Academic Affairs; Larry Large, Vice Chancellor, Public Affairs; Jerry Casby, Assistant Attorney General; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; George Pernsteiner, Associate Vice Chancellor, Facilities Division; R. S. Perry, Associate Vice Chancellor, Administration and Information Systems Services; Kay Juran, Assistant Vice Chancellor, Public Affairs; Melinda Grier, Director, Legal Services; Barbara Barrie, Personnel Officer; Roger Olsen, Assistant Chancellor, OCATE; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Peter Hughes, Director, Internal Audit Division; Virginia Thompson, Executive Assistant to the Chancellor; Jim Sellers, Director of Communications; Pat Wignes, Assistant Board Secretary.

Oregon State University—President John Byrne; Graham Spanier, Vice President for Academic Affairs and Provost; Ed Coate, Vice President, Finance and Administration; Caroline Kerl, Legal Advisor; Pam Wagner, Faculty Associate to the Provost; Gary Tiedeman, President, Faculty Senate.
University of Oregon—President Myles Brand; Norman Wessells, Provost; Dan Williams, Vice President, Administration.

Oregon Health Sciences University—President Peter Kohler; Bill Nelard, Associate Vice President; Bob Koler, Past Vice President, Academic Affairs.

Portland State University—Interim President Roger Edgington; Gary Powell, Acting Vice President, Finance and Administration; Frank Martino, Provost; Earl Mackey, Vice President, Development and External Affairs; Morris Holland, Dean of Student Affairs; Linda Parshall and Gene Enkening, IFS Representatives.

Eastern Oregon State College—President David Gilbert; James Lundy, Dean of Administration; James Hottois, Dean of Academic Affairs; Peggy Young, Director, College Relations; Richard Stenard, Dean of Student Affairs; Dan Mielke, Associate Professor.

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

Southern Oregon State College—President Joseph Cox; Stephen Reno, Dean of Academic Affairs; Ronald Bolstad, Dean of Administration.

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

Others—Lynn Pinckney, Director, Oregon Student Lobby; Sue Acuff, Legislative Analyst, Legislative Fiscal Office; Tom McClellan, Budget Analyst, Executive Department.

MINUTES
APPROVED

The Board dispersed with the reading of the minutes of the regular meeting held on July 21, 1989, and the special meeting held August 2, 1989, and approved them as previously distributed. The following voted in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

CHANCELLOR'S
REPORT

L. Spruill,
Appointment as
VP for University Relations, OSU

The Chancellor recommended that Dr. Lynn Spruill be appointed Vice President for University Relations at Oregon State University, effective September 1, 1989, at an annual salary rate of $85,000. Dr. Spruill has been serving as a dean at Oregon State University. He holds a Ph.D. in management science from the University of Michigan.

The Board approved the recommendation, with the following voting in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.
Mrs. M. Bice, Appointment as WICHE Certifying Officer

The Chancellor recommended that Mrs. Margaret Bice be appointed WICHE Certifying Officer to replace Karen McUmsey who retired.

The Board approved the appointment as recommended, with the following voting in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Report on Lottery Funding

The Chancellor commented that the Legislature had responded positively to the presentation of the needs of the State System of Higher Education. One response was the establishment of two games under the lottery to be used for targeted support in higher education. One, the sports lottery, was designed to deal with the problem of financing intercollegiate athletics but included also some significant funds for financial aid for students. It appears to be moving ahead, and the State System should receive resources for the purposes originally identified. The other program for video poker is being widely discussed and debated. The decision to participate apparently is being left to individual counties. The proceeds from video poker could range from zero to $12.5 million, but the game does not represent predictable income at this time. If funds materialize, they would be very important resources for higher education.

The Chancellor said it was important to be very cautious with respect to the expectations for these funds and the degree of ambiguity that now exists about them. It would be advisable to look at alternatives to deal with contingencies ranging from having none of the funds available to receiving the full amount as originally anticipated.

Joint Meetings

The Chancellor announced that the Board would be involved in some very intensive meetings over the next two days. The first would be a joint meeting with the Oregon Economic Development Commission, the Board of Education, and the Board of Higher Education. He said it would be the first joint meeting of these groups and would provide an opportunity to focus on the state’s priorities for the years ahead in the fields of Oregon development, particularly economic development, and the ways education can be related to those state development needs.

The second joint meeting with the Board of Education and Board of Higher Education would represent an opportunity to continue the search for strengthened relationships among the several segments of education.

Comments on Renewal Session

The Chancellor said the renewal session in August had been excellent and a number of important ideas had emerged. The next step is to move to more concrete steps and begin planning for the 1991 Legislative session and beyond that to the long-term emphases for the State System. One of the most important functions of
the Board, the Chancellor’s Office, and others in higher education is to develop the planning, establish the vision, and identify the next steps.

The Chancellor said this could be accomplished through a comprehensive planning process based on the 1987 plan. However, in view of the fact there is a new Chancellor, new presidents, and a relatively new Board, a general across-the-board planning process would appear inadvisable.

The Chancellor stated there were issues which could be addressed and proposed that working groups be established to consider, on a targeted basis, various topics and to develop doctrine and policy answers as the next steps in meeting the responsibility for planning. The study groups might consist of one or two Board members, one to three presidents, appropriate specialists and experts from the campuses, and members of the Chancellor’s staff.

The groups would be charged with moving from the very promising general discussions at the renewal session to fully-developed themes, short- and long-range proposals for actions, and budget implications. The five topics proposed for study would include:

1. The relationships of higher education with other sectors of education.

2. The advancement of competence for Oregon’s work force. This would involve first and foremost the competence of the State System’s graduates generally, but beyond that would include activities relating to continuing education, specialized and advanced training, and distance learning aimed at reinforcing the capacities of people who are not full-time students.

3. The improvement of the international competence of students by infusing the international dimension into all aspects of education from kindergarten through the doctoral level.

4. The identification of particular programs upon which the State System would focus to maintain or achieve world-class programs. These world-class research and advanced training programs would be carefully selected to fit within the capacity of the State System and the needs of the state. They would be considered from a statewide perspective.

5. The critical issue of faculty retention and recruitment which is a central theme underlying all of the educational planning and activities.

The Chancellor indicated he would begin preparing the composition of the groups and developing the charges for the review of each of these topics.
The Board concurred in the proposal outlined by the Chancellor.

Mr. Hensley said the Board members had received minutes from the renewal session held in August and they would be used as the work plan for moving ahead with the various proposals discussed.

Mr. Adams requested clarification of the decision with respect to the Board/Institutional Relations Committees. Mr. Hensley said it was his understanding the committees would be used primarily to arrange the visitations to the institutions. The chairman of the committee and the president of the institution would decide whether to continue the previous visits made by the Board/Institutional Relations Committee for that institution.

Foundation Policy

The Chancellor said the Board would be considering the policy for foundations later in the meeting. He said the proposal before the Board was the culmination of a lengthy process which had involved a great deal of time and energy. He said it was now time to move ahead, adopt the policy that had evolved, monitor it in the future to be certain it was working satisfactorily, and make any necessary adjustments.

Adoption of OAR, Chapter 580, Division 46, Institution Foundations

(At the request of the Board, this item was resubmitted in its entirety. The only changes to the staff report and proposed rule were the addition of a statement of purpose and the incorporation of amendments proposed at the July Board meeting to OAR 580-46-005 and an amendment to OAR 580-46-020(3) proposed by the University of Oregon Foundation.)

Staff Report to the Board

For many years, State System institutions have associated with private non-profit corporations organized as foundations to assist and support the institution. The foundations serve as vehicles to solicit and manage private support for institutions, providing crucial volunteer efforts which have permitted the institutions to maintain quality programs and activities. The Board’s current Administrative Rules and Internal Management Directives provide limited guidelines regarding the relationships between institutions and these foundations.

For some time institution and Board’s Office staff, as well as Assistant Attorneys General assigned to higher education, have believed that the Board should adopt more detailed policies to guide institutions in their relationships with the foundations. However, questions raised by the Secretary of State and the Oregon Department of Justice regarding the relationship between Portland State University and the Portland State University Foundation have emphasized the immediacy of that need.
For the past year, institution staff, Board’s Office staff and Assistant Attorneys General have labored to develop the proposed rules. As the proposed rules neared completion, foundation representatives were consulted and their comments incorporated where possible.

The proposed rules are designed to ensure the independence of each foundation from the institution while preserving the institution’s ability to manage its own affairs without relinquishing control to the foundation or others when the institution or its employees receive support from the foundation.

To accomplish this, the proposed rules establish the following guidelines:

1. In order to gain the benefit of association with an institution, a foundation must be recognized by the institution president. The rule lists the requirements for recognition.

2. A foundation must meet state and federal requirements for private, non-profit corporations.

3. Generally, each institution will have one foundation, but exceptions exist for extant foundations. Other types of associated and affiliated organizations must also comply with these rules.

4. In order to preserve cooperation but to avoid excessive institutional control, no institution employee may be a voting member of the foundation governing board, but the institution president shall be an ex-officio member without vote.

5. The institution and the foundation must keep gifts to each distinct. Institutions must approve restricted gifts to foundations.

6. Institution presidents, or when appropriate the Board, must approve salaries or other benefits provided to institution employes by foundations.

7. Institutions may contract with foundations to provide support to the extent consistent with the independence of the foundation.

8. The Chancellor may establish a State System Foundation which would also be subject to these rules.

9. Foundations must provide reports to institution presidents, some of which are provided to the Chancellor.
10. If a foundation violates the guidelines, the president may revoke recognition after providing an opportunity for the foundation to remedy the problem. The decision to revoke recognition may be appealed to the Board. Upon revocation or dissolution, the foundation's net assets must go to the institution.

As a part of its action, the Board must repeal the prior Administrative Rule and Internal Management Directives which the proposed rule supersedes.

Staff Recommendation to the Committee

The staff recommended that the Board:

1. Repeal QAR 580-41-005, Relations with Affiliated Organizations.


DIVISION 46

INSTITUTION FOUNDATIONS

WHEREAS, Oregon's public colleges and universities have benefitted greatly from private efforts to further their growth and well-being; and

WHEREAS, persons who have provided their time and resources to generate and administer such efforts have permitted higher education in Oregon to have an impact well beyond what would be possible through public resources alone;
THEREFORE, the Oregon State Board of Higher Education adopts these rules to complement, support and encourage the dimension and complexity of such private volunteer efforts. These rules are a testament to the hundreds of private persons without whose time and resources private support of public higher education in Oregon would not exist.

Recognition of a Foundation

580-46-005 (1) An institution president may award recognition as an institution foundation to an entity which meets and maintains the requirements of these rules. Throughout Division 46, "president" refers to an institution president and "foundation" refers to an institution foundation.

(2) Only one entity may have recognition as a foundation, except that the president may recognize other foundations existing at the time this rule is adopted. The president shall report all awards of recognition to the Chancellor. All private support of the institution not provided directly to the institution shall be through a recognized foundation, or affiliated or associated organizations as provided by rule 580-46-020(4) and (5).

(3) To be eligible for recognition and to maintain continued recognition, a foundation must:

(a) Be created and operated with the primary purpose of support of the institution;

(b) Have as its purpose the solicitation, management and/or investment of private support for the benefit of the institution; and

(c) Be organized and operated in a manner to permit compliance with these rules.

(4) Procedures for Recognition:

(a) An entity seeking recognition as a foundation shall submit to the president for review its:

(A) Articles of incorporation;

(B) Bylaws; and

(C) Any other of its organic or enabling documents.

(b) A president shall notify the governing body of a foundation in writing of recognition and that compliance with these rules is a condition of continued recognition.
(c) The foundation shall submit all amendments to the documents described in rule 580-46-005(4)(a) to the president who shall submit them to the Chancellor.

(5) State System Foundation:

(a) The Chancellor may recognize as the State System foundation an entity created to provide support to the Oregon State System of Higher Education.

(b) In the event of recognition, the procedures, conditions, and limitations of these rules shall apply.

(c) In such instances, all references in these rules to a president shall be deemed to refer to the Chancellor and references to institution shall be deemed to refer to the State System. Where these require reports to the Chancellor, the Chancellor shall report to the President of the Board of Higher Education.

Privileges and Responsibilities of Recognition

580-46-010 (1) Privileges of recognition by a president of a foundation may include:

(a) License to use the institution name, logos, informal seal, symbols and marks; and

(b) Use of institution resources in the manner provided by rule 580-46-035(7).

(2) No individual, group or entity not awarded recognition under these rules shall use any of the privileges described in this rule or otherwise make use of the institution name except as expressly approved by the institution by license or contract.

(3) A foundation’s governing body promptly shall provide to the president a resolution of acceptance of the condition expressed in rule 580-46-005(4)(b) above, and such resolution of acceptance shall be reaffirmed annually.

Institution Foundation Organization, Affiliates, Relationships

580-46-020 (1) A foundation shall be organized and operated pursuant to the Oregon nonprofit corporation law.

(2) A foundation shall obtain and maintain status as a tax-exempt entity pursuant to section 501(c)(3) of the federal Internal Revenue Code and other similar Oregon statutes.
(3) A foundation's articles of incorporation or other governing documents shall require that, upon its dissolution or withdrawal of recognition, the foundation's net assets shall, within the limitations imposed by legal and fiduciary rights and responsibilities, be distributed to the institution which awarded recognition, or another entity which has been awarded recognition by that institution pursuant to rule 580-46-005.

(4) A foundation may include as part of its organization one or more affiliates which support a particular unit or activity of the institution but which are not separately incorporated.

(a) An affiliate may have an advisory board which reports to and is advisory to the foundation governing body. Institution employees may serve on an affiliate's advisory board so long as they do not comprise a majority of the advisory board membership nor a majority of any quorum of such body. Institution employees may provide staff support for an advisory board, subject to rule 580-46-035(7).

(b) A foundation shall not delegate to an advisory board of an affiliate its authority to hire personnel or to enter into contracts.

(c) A member of each advisory board of an affiliate should serve on the foundation governing body whenever possible.

(d) No entity shall become an affiliate of a foundation until the affiliation is approved in writing by the president and reported to the Chancellor.

(5) A foundation may establish or associate with another entity interested in the institution, provided:

(a) The president in writing approves of such relationship prior to any operations and the president reports approval to the Chancellor;

(b) Such relationship does not impair or circumvent the requirements of rule 580-46-025 and otherwise is consistent with the requirements of these rules; and

(c) All for-profit activities are approved by the president and reported to the Chancellor.

(6) Upon application of an institution, the Board of Higher Education may grant specific exemptions from the provisions of sections (4) and (5) of this rule.
Foundation Independence from Institution

580-46-025 (1) A foundation shall be independent of the institution.

(2) To assure independence, a foundation's governing body, employs, and agents:

(a) Shall not be subject to control by the institution or an institution employe.

(b) Shall not give the appearance that the institution or any of its officers or employees control the foundation or its property, including investment of gifts and endowments made to the foundation.

(3) No institution employe may be a voting member of a governing body of the institution-recognized foundation.

President's Responsibilities, Additional Rules

580-46-030 (1) A president or designee shall be, and other institution employes may be, ex officio, nonvoting members of a foundation's governing body and of any executive or similar committee empowered to act for the governing body. Such appointments shall be described in all contracts entered into pursuant to rule 580-46-035(7).

(2) The president shall monitor foundation activities and institution-foundation relationships to ensure compliance with Board of Higher Education rules and periodically shall report thereon to the Chancellor.

(3) A president may establish additional written policies and guidelines applicable to a foundation consistent with these and all Board of Higher Education rules and Internal Management Directives. Such policies and guidelines shall be reported to the Chancellor and the Board prior to their adoption.


Foundation and Institution Operational Procedures, Gifts, Accounts, Institution Support, Contracts

580-46-035 (1) An institution employe may, consistent with ORS 351.130, encourage gifts to the institution directly as well as through the foundation.
(2) In accepting gifts of all kinds, a foundation shall:

(a) Obtain institution approval of any restrictive terms and conditions, and advise donors that a restricted gift for the benefit of the institution may not be accepted without institution approval; and

(b) Coordinate with the institution's development office or other appropriate institutional officer regarding funding goals, programs, or campaigns proposed by an institution.

(3) The foundation shall report gifts to the foundation and to an institution as a result of foundation activities. Such reports shall be made annually to the president. The president shall provide such reports to the Chancellor.

(4) Revenue received from an institution activity, other than through normal development activities, shall not be deposited in a foundation account.

(5) An institution and the institution-recognized foundation shall develop and implement guidelines regarding the identification of funds so that the intended donee, whether institution or foundation, actually receives the funds, subject to the following:

(a) If the foundation is the intended recipient of funds made payable to an institution, the funds shall first be deposited in a state account and then transferred to the foundation.

(b) Funds payable or gifts made to the institution shall not be transferred to the foundation unless accompanying documents demonstrate that the foundation is the intended recipient.

(c) If the foundation deposits funds in its accounts or receives other gifts intended for the institution, the foundation shall transfer those funds or gifts to the institution.

(6) Salaries, consulting fees, loans, perquisites, or other benefits provided to or on behalf of an institution employee, other than a student employee, by a foundation shall be:

(a) Approved by the Board of Higher Education when paid to the president or other employee appointed directly by the Board of Higher Education.

(b) Approved by the president in writing, and reported to the Chancellor in instances where (a), above, does not apply.
(c) Paid by the foundation to the institution, which in turn will make payments to the employee in accordance with normal institution practice, except where the Chancellor approves a different form of payment. All exceptions shall be reported to the Board of Higher Education annually by the Chancellor.

(d) This subsection is not applicable to reimbursements for actual and necessary travel and other expenses incurred for authorized institution or foundation purposes which are reported by the foundation to the president annually.

(7) Institution Contract with Foundation:

(a) An institution may provide pursuant to a written contract limited and reasonable support to the foundation, including but not limited to the cost of utilities and janitorial services and all or part of the salary and related personnel costs of staff support, from funds otherwise available to the institution. As used in these rules, staff support is assistance by any personnel whose responsibilities and activities exclude policy making and other functions which would nullify the independence of the foundation from the institution.

(b) An institution providing support to a foundation shall contract with the foundation regarding the terms and conditions for implementing rule 580-46-035(1) and 580-46-035(7)(a) above and may contract for other purposes consistent with these rules. Any such contract and amendments thereto shall:

(A) Accurately and fully describe the extent of such use and support and the consideration therefor;

(B) Be reviewed by an Assistant Attorney General assigned to the Oregon Department of Higher Education; and

(C) Be approved by the president and by the Chancellor or their respective designees.

(c) Funds received by an institution because of a contract with a foundation shall be placed in a current restricted account which is not a depository for donated or gift money.

Foundation Activities

580-46-040 (1) Financial and other activities of a foundation shall be administered and reported in accordance with law, prudent business practices, and generally-accepted accounting principles.
(2) Audits and Financial Reports of the Foundation:

(a) A foundation shall be audited annually by a certified public accountant. The audit report shall be provided promptly to the president who shall submit it and accompanying documents to the Chancellor. The audit report shall be accompanied by a current list of foundation officers, directors, trustees, managers and legal counsel, and the officers of any group or entity described in rule 580-46-020(4) and (5).

(b) A foundation shall permit the president or, after consultation with both the institution and foundation president, the Chancellor, using institution or OSSHE internal auditors, to inspect and audit all foundation books and records at reasonable times. The foundation shall provide such reports of and information on its financial status and operations as required by the president or the Chancellor in order to assure conformance by the institution and the foundation with these rules.

Revocation of Recognition

580-46-045 (1) The president may revoke recognition as provided herein, if the president finds that a foundation or its operation conflicts with these rules or the mission of the institution. The president shall inform and consult with the Chancellor regarding all activities involved in revocation of recognition and shall provide to the Chancellor copies of all documents relating thereto.

(2) Prior to ordering revocation of recognition, a president shall notify the foundation’s governing body of the reasons which could form the bases for revocation of recognition. Within 30 days of receipt of the president’s notification, the foundation may in writing propose actions to remedy the deficiencies described by the president.

(3) If the president approves the proposed actions, the foundation’s governing body shall implement the proposals within a time specified by the president.

(4) If the president rejects the foundation’s proposed actions or finds that they are not adequately implemented, the president may revoke recognition by a written order to the foundation’s governing body specifying the reasons for revocation.

(5) An order revoking recognition may be appealed to the Board of Higher Education if filed with the Secretary of the Board within 30 days of the date the president issues the order revoking recognition. The Board shall review the president’s decision but shall not reverse that decision unless the Board finds the president acted arbitrarily or capriciously.
(6) An order revoking recognition shall terminate the contract provided by 580-46-035(7) and the privileges of recognition.

Board Discussion and Action

Mr. Hensley commented that the Chancellor’s Office and staff at the institutions had been working for over a year to draft an Administrative Rule that would accomplish a number of purposes, including a response to the recommendations of the Secretary of State and the Attorney General relating to questions raised by the audit of some of the State System’s activities. He said the Board fully recognized the importance of the foundations, their volunteer officers and contributors, and the role they play in the life and aspirations of the institutions. Those things which the foundations accomplish could not be met effectively in any other way. He expressed appreciation on behalf of the Board for the work of the foundations, their staffs, and their volunteers.

Mr. Hensley said he believed the proposed rules the Board would be reviewing and voting on later in the meeting would ensure the independence of the foundations by carefully limiting institutional oversight but, at the same time, establishing the appropriate role of institutional officers in financial decisions of the foundations.

Mr. Hensley indicated it was his intent as president to continue to honor the relationships and to receive suggestions and concerns pertaining to the foundations. He said the Board was required by law to review these matters every three years but he would like to schedule a temporary review in a year to see how the policy was working, if it were enacted. He said additional changes to the proposal before the Board were being distributed by the Secretary of the Board.

Mr. Hensley said Mr. Lemman had provided Board members with a complete written history of this proposal. He asked Mr. Lemman to present a very brief overview related to this subject.

Mr. Lemman said the proposed Administrative Rules merely codify existing practices and policies, including those which were now embodied in the Internal Management Directives setting forth in many respects the relationships and expectations. Mr. Lemman said he would limit his remarks to the changes from the document distributed earlier and to the proposed amendments to the rule presented in the docket.

A preamble has been added to set the context in which the proposed Division 46 would be adopted and to delineate the spirit in which the proposed rule was put forth. The preamble is not part of the rule.
Mr. Lemman said one of the concerns which had been expressed by foundation personnel was that the rule, as embodied in the proposal rather than as in QAR 580-46-020, provided that the assets of the foundation would be distributed for the benefit of the institution upon the withdrawal of recognition or dissolution of a foundation. It was asserted an institution may not always be in the position of being able to complete the fiduciary responsibilities that have been taken on by the foundation. For example, foundations attempt, in their solicitations, to get assets or properties in which they make what typically is called a living trust. The party making the gift will receive income from that asset for the donor's life, after which the principal becomes the full property of the foundation. The institutions are unable to carry out the responsibilities for such living trusts, and one of the proposed amendments provides that alternatively the assets can be given to another entity which has been awarded recognition by the institution pursuant to QAR 580-46-005. The foundation or organization would be required to be a 501(c)(3) charitable trust which could carry out the fiduciary responsibilities of the prior organization. This alternative solution has the support of the several university foundations which have these kinds of assets.

The second amendment suggested that in accepting gifts of all kinds the foundations should coordinate with the institution's development office or other appropriate institutional officer regarding funding goals, programs, or campaigns proposed by the institution. The amendment is a coordinating effort which has been accepted by foundation personnel and was suggested by them.

The proposed Division 46 contains a provision that the president of an institution may establish additional written policies and guidelines applicable to the foundation relationships which are consistent with the Board's rules. The amendment suggested by Ms. Wilson would require that an institutional rule would be reported to both the Chancellor and the Board prior to adoption.

Mr. Richardson asked whether the amendment pertaining to additional written policies and guidelines prior to their adoption implied a form of approval by the Chancellor and Board.

Mr. Lemman said the proposed amendment would permit a president to adopt policies and guidelines without approval of the Chancellor or the Board. Presumably, a president would not be well-advised to adopt rules contrary to the advice of the Board, and they would be prohibited from adopting anything inconsistent with already-adopted Board rules and policies.

Mr. Bruggere inquired what checks and balances were included in the unlikely situation in which a president might be less than scrupulous about a foundation.
Mr. Lemman said OAR 580-46-040 contained a provision for an audit of foundation activities. The audit intended in the rule is a standard analysis of the financial reports, financial records, the balance sheet, and the income and expense statements of the foundation. The auditor issues either an unqualified or a qualified statement. The audit report is furnished to the president who must submit it and accompanying documents to the Chancellor.

The staff in the Chancellor’s Office has an opportunity to review the audit. If a president were negligent in responding to any questions, those issues could be raised by the Chancellor’s staff to the Board or to the institution. Other reports are required in Division 46.

Mr. Bruggere indicated this information addressed his concern. He asked whether the audit provisions would be consistent with the audit and control required of officials with substantial spending authority in other state agencies.

Mr. Lemman said he believed that would be correct because the Secretary of State audits all state agencies. The State System’s Internal Audit Division also performs audits. Audit reports are furnished to the Board directly by the auditors. The staff in the Chancellor’s Office must make appropriate responses to the audit reports. In addition, the reports are sent directly to the Governor, Secretary of State, and the Executive Department.

Mr. Swanson said, under these rules, if something improper were happening in a foundation, the Board apparently could not dissolve the foundation. However, if the president did nothing about the foundation, the Board would have the option of firing the president.

Mr. Lemman indicated the Board would not have direct authority to dissolve a foundation but it could direct the president to do so. A president serves at the pleasure of the Board and can be terminated on a moment’s notice and replaced with an acting president who would have the authority to withdraw recognition and could be so directed by the Board.

Mr. Hensley said he had talked personally with most of the presidents and it was his understanding the proposal before the Board met with their approval.

Mrs. Holwerda noted that references were made to resources and to utilities, janitorial services and personnel costs. There is no specific reference to office space. She asked if office space needed to be a lease contract or was included under resources.
Mr. Casby said the institution is permitted to provide limited and reasonable support, including, but not limited to, the cost of utilities and janitorial services. The latter services were included because they are in the existing Internal Management Directives. The institutions have flexibility with respect to office space under the reference to reasonable support. The individual campus would determine whether it should be under a lease contract agreement. The lease arrangement would satisfy the concerns of the Attorney General's Office.

Mr. Bruggere inquired whether there was anything in the rules and regulations that would control how the money in the foundations could be spent and distributed.

Mr. Casby said the intention of the donor in giving money to the foundation controlled how it could be spent. In the expenditure of unrestricted funds, the foundation can and must be independent. If not, those funds could be considered as state funds which the donors do not intend. They contribute to the foundation so that the money will remain in private hands.

Mr. Bruggere suggested there should be some guidelines with respect to the purposes for which the funds could be expended.

Mr. Casby said the control would be accomplished retrospectively by the audit function. If the Board were to exercise control prospectively over those funds, they would become state funds and must be deposited in the treasury and expended only in accordance with regulations that the Legislature has imposed on the expenditure of state funds.

Mr. Bruggere said because the foundations were associated with institutions which the Board administered, it would seem the Board should establish some guidelines.

The Chancellor said Mr. Bruggere had raised a very conceptual point which should be addressed. Foundations are not creatures of the Board or part of its operating responsibility. They are in a sense independent and exist only because the institutions exist. Their purpose is to assist the institutions. The document is intended to establish the nature of this delicate relationship in a formal way.

Mr. Hensley said the proposal before the Board had been through a number of drafts and he had spent a great deal of personal time with various volunteers of foundations seeking their comment and advice. The foundations have a tremendous concern about maintaining their independence. He said he believed the points brought out in the audit of the Secretary of State and by the Attorney General had been covered. He suggested the Board adopt the proposed Division 46 and review it in a year to see how it
was working. Mr. Hensley stated it would not be possible to satisfy everyone on this particular issue. He said Board members have a responsibility to make sure the money is spent within the rules and guidelines of the Board and indicated he believed the Board still had that authority as an overseer under the proposed rules.

Mr. Richardson said he was somewhat reassured by the fact that the presidents would serve as ex officio members of the governing bodies of the foundations.

Mr. Lemman commented that the foundations were controlled by the charitable trust laws and the prudent investor statutes of Oregon with respect to investments.

Mr. Swanson said he thought the Board should approve the proposed rules and, during the next year, consider the addition to the section on revocation of recognition some criteria for the guidance of the presidents in revoking recognition to a foundation.

Mr. Hensley asked Dr. Large whether this would be a workable arrangement in light of his recent experience with this type of endeavor.

Dr. Large said any guidelines to restrict or direct the acceptance or expenditure of foundation money by a president should perhaps be developed in a separate document to guide the presidents rather than in the foundation policy document.

Mr. Bruggere suggested adding to the proposed rules a paragraph stating the Board had the right to dissolve a foundation which was not acting in accordance with the rules and regulations.

Mr. Miller inquired about the possibility of providing the Board with lists of the proposed expenditures of the foundation funds by the presidents. Mr. Lemman indicated a summary already is provided but the categories could be broadened for reporting the funds received by the institutions.

Mr. Lemman indicated it would not be possible for the Board to dissolve somebody else's corporation but it could withdraw recognition. However, withdrawal of recognition constitutes a death penalty, not a fine. It should not be used simply because there occasionally might be an expenditure with which one might not agree personally. Responsible citizens on these foundation boards make these decisions.

Mr. Johnston said the Board had substantial accountability for foundations and very little control. The document serves as a basis for future discussions of the issue. He said it was a monumental effort to gain agreement on the proposed rules and the Board should approve it.
President Byrne described some of the activities and complexities of the foundation operation. He indicated the document which had been developed came very close to providing the guidelines for the foundations. The question with regard to the expenditure of funds by the presidents should be addressed as a separate issue. A very sensitive relationship exists with the volunteers who provide their support through the foundations. The degree to which some semblance of independence between the foundations and the institutions can be maintained would be beneficial in continuing the interest of those volunteers.

It was agreed the staff of the Chancellor’s Office would develop for the presidents some general guidelines or statement of expectations concerning the expenditure of funds received from the foundations.

Mr. Dodson said he favored adoption of the proposed rules as a step forward in terms of control without over-control.

Mr. Adams said it was his understanding the funds in the foundation were not necessarily public information but that the Board would have some control with respect to foundation funds which came to the institutions. Mr. Casby indicated this was correct.

Mr. Bruggere recommended the Board pass the staff recommendation with the addition of instructions to the Chancellor’s Office to develop guidelines for the presidents.

Mr. Hensley suggested requesting preparation of a statement of expectations rather than guidelines.

Mr. Bruggere said he was very sympathetic to the sensitivities involved in this delicate relationship. However, any problems which might arise would come right back to the Board.

Mr. Hensley said the message to the presidents was very clear with respect to their responsibilities and roles in this matter.

Mr. Adams moved that the Board adopt the staff recommendation with the addition of the amendments distributed at the beginning of the discussion and with instructions to the Chancellor’s Office to develop a statement of expectations for the presidents. The amendments have been incorporated in Division 46 as presented above.

On roll call vote, the following voted in favor of the motion by Mr. Adams: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.
BA/BS Degree in Physical Education & Health, EOSC

Staff Report to the Committee

Introduction

Eastern Oregon State College requests authorization to offer an instructional program that will lead to a Baccalaureate Degree (B.A. or B.S.) with a major in Physical Education and Wellness. This request results from the recent modifications in the teacher education program introduced by Eastern Oregon State College and approved by the Board on June 17, 1988. (The proposed title was subsequently modified to BA/BS Degree in Physical Education and Health.)

The recently-introduced Extended Teacher Education Program at Eastern Oregon State College includes the requirement of an undergraduate academic major other than education for all prospective teachers. No appropriate major exists at Eastern Oregon State College for students seeking careers as teachers of physical education and physical well-being. Prior to the 1988 modification, students with such interests received baccalaureate degrees in education. The undergraduate major in education was eliminated at Eastern following action taken by the Board in 1987.

Eastern Oregon State College has the development of some four-year teacher preparation programs under consideration. Such consideration is part of the State System’s response to HB 3038. Within the four-year structure, students interested in becoming teachers of physical education and wellness would major in the proposed program and complete an undergraduate minor in education.

The request incorporates existing faculty and courses into a new undergraduate major which will replace the endorsement programs in physical education and health offered in conjunction with the previous baccalaureate degree in education. What is involved is essentially a matter of internal reallocation of existing resources.

Staff Analysis

1. Relationship to Assigned Mission

The proposed program is clearly within the mission of Eastern Oregon State College. The Board’s Strategic Plan 1987-1993 states that at EOSC, “The college will continue to emphasize the preparation of teachers for rural school districts in its teacher education programs.” The proposed program is designed to remove an existing obstacle to the college’s achievement of its assigned mission.
2. Evidence of Need

Eastern Oregon State College has continued to emphasize the preparation of teachers for service in rural school districts, including those who serve as physical education teachers and coaches. In addition, students with such preparation are qualified for entry-level positions in the recreation and health industry. Based on past experience, the college estimates that approximately 20 students will complete the program annually and will be placed in positions primarily in the ten eastern-most counties of Oregon.

3. Quality of the Program

The proposed program builds upon a previous one that had established a record of producing graduates that have been successful professionals. The guidelines provided by the National Association of Sport and Physical Education (NASPE) were used to review the previous program. The proposed modifications will strengthen the program and sharpen its focus so that it complies with the professional standards of the NASPE. Successful completion of 50 hours of general education requirements including a sequence in anatomy and physiology is prerequisite for admission to the major. Students wishing to pursue the graduate program leading to the Master's of Teacher Education must complete the undergraduate major with a GPA of 3.00 or higher.

4. Resources to Support the Program

Faculty. The faculty required to offer this program are currently on the staff. No additional faculty are required.

Facilities. Recent equipment purchases by Eastern Oregon State College have provided the necessary equipment and facilities. A well-equipped performance and fitness laboratory is available.

Library. Current library holdings in this area are inadequate. Holdings have been increased during the past two years, and the college is committed to continued improvement in its holdings. It is estimated that a satisfactory collection will be in place within two years.

Budget. The program will be able to operate with its existing resources despite a very limited support and clerical staff.
Program Duplication

Similar or related programs are offered at the following institutions: the University of Oregon, Oregon State University, Portland State University, Western Oregon State College, Southern Oregon State College, George Fox College, Linfield College, Pacific University, Lewis and Clark College, Willamette University, Warner Pacific, and Columbia Christian College.

The offering of this program to serve students in Eastern Oregon is believed to be a justified and defensible duplication.

Program Review

This program request was discussed at the April 20, 1989, meeting of the Academic Council, and certain modifications were introduced as a result of those discussions. Additional review has been completed by the Board’s staff in consultation with the administration of Eastern Oregon State College.

Staff Recommendation to the Committee

The staff recommended that the Board authorize Eastern Oregon State College to offer an undergraduate major in Physical Education and Wellness that will lead to a B.S. or B.A. degree, effective Fall 1990. The proposal should be discussed by the Board at the September meeting and placed on the Consent Agenda for final action at the October meeting.

Discussion and Recommendation by the Committee

In presenting the staff report, Dr. Hill indicated the institution would prefer to substitute "physical education and health" for the title "physical education and wellness" as originally proposed.

Dr. Dan Mielke, Associate Professor of Physical Education and Health, explained the traditional view of health had been one of being the opposite of illness. With the advent of a preventive approach, the term "wellness" has become widely used to indicate a proactive state of a person trying to maintain levels of fitness, proper levels of nutrition, and maintenance of emotional, spiritual, and social health. The term represents a more contemporary, almost holistic, approach to the concept of health.

The Committee concurred with the change in designation from the original proposal, and the title of the degree has been modified above.
Dr. Hottois pointed out that the review which occurred in the development of the proposal had resulted in a tightening of the curriculum so that fewer course credits are listed in physical education and health.

The Committee recommended that the Board approve the staff recommendation and place the proposal on the Consent Agenda for the October meeting.

Board Discussion and Action

The Board approved the Committee recommendation and placed the request on the Consent Agenda for the October meeting. Those voting in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Staff Report to the Committee

Institutional officials at Eastern Oregon State College have requested that vacant land on the east edge of the campus be declared surplus and sold. The property consists of an unimproved parcel approximately 300' by 240' between 13th and 14th streets and "H" and "I" Avenues. When the property was purchased in 1958, there were housing units on the parcel which had been constructed by the federal government and were declared surplus and moved to the site after WW-II. The units have since been demolished and the College long-range plan does not provide for more family student housing to be constructed. The original purchase was financed by rental income from the units that were on the land.

The provisions of Oregon law require that, before advertising the property for sale to the general public, notice be provided to the Department of General Services for circulation to other state agencies in order to determine whether purchase of the property or interest therein would be advantageous to them.

If the staff recommendations are approved, it is expected that unless another state agency expresses interest in acquiring any or all of the property, the property would be advertised for sale at minimum prices not less than the fair market value indicated by appraisals of the property.

If this revision of the campus boundaries is authorized, the total area within the campus would be reduced to 106.746 acres. The Board owns all but 4.143 acres within the boundaries.
Staff Recommendation to the Committee

It was recommended that an area of approximately 1.65 acres on the east side of the campus as described above be excluded from the approved projected campus boundaries, be declared surplus to the needs of the Board, and be offered for sale in accordance with the provisions of Oregon statutes.

Discussion and Recommendation by the Committee

Mr. Richardson asked whether there was a need for more student housing at Eastern, and Mr. Lundy replied married student housing was not in short supply. There would be adequate space for additional housing if it became necessary because there are about 30 acres of completely undeveloped land on the campus.

The Committee recommended that the Board approve the staff recommendation and place the request on the Consent Agenda for the October Board meeting.

Board Discussion and Action

The Board placed this item on the Consent Agenda for the October meeting.

Authorization
To Seek an Increase in Other Funds Limitation for Tennis Courts, EOOC

Staff Report to the Committee

Chapter 595, Oregon Laws 1987, authorized the construction of covered tennis courts at Eastern Oregon State College. The project would be financed from the proceeds of Article XI-F(1) bonds, to be repaid from student building fees. The original limitation for the project was $245,000. This budget proved inadequate and was raised to $320,000 by action of the Board in October 1988 and of the State Emergency Board in November 1988.

The construction phase of the project was divided between two general contractors, one responsible for building the tennis courts themselves and the other charged with furnishing and installing the covering over two of the courts to make them usable during the winter months. The project was delayed by the collapse of the cover in 1988, apparently caused by vandalism. The costs associated with the reconstruction/reerection are being borne by the State Restoration Fund.

The performance of one of the general contractors on the job was inadequate. The delays caused by the actions (and inaction) of this contractor have created significant additional costs to the project’s architect, the other general contractor, and the college. The staff believes that action should be pursued against the contractor’s performance bond and that the retainage still being held should not be released without the concurrence of the Department of Justice.
The charges against this project, exclusive of the amounts paid by the State Restoration Fund to date, can be expected to approach $375,000—an amount of $55,000 over the current limitation. Although the staff believes that much of this might be recoverable from the contractor’s bonding company or through other legal processes, the entire amount of the increase must be sought from the Emergency Board so that we can pay the architect and the other contractor. To the extent we are successful in recovering monies the source funds will be reimbursed. (The source funds in this case will be Article XI-F(1) bonds already earmarked for this project ($31,000) and excess student building fee sinking fund reserves ($24,000). The source of bond repayment is the building fee, so any reimbursement will be directed to the building fee sinking fund reserve.)

Staff Recommendation to the Committee

The staff recommended that the Board authorize the staff to seek Emergency Board approval to increase the Other Funds Limitation and the authorization to expend funds for the Tennis Court project at Eastern Oregon State College to $375,000.

Discussion and Recommendation by the Committee

The Committee recommended 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, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Staff Report to the Committee

During its 1989 Session, the Legislative Assembly approved the request of the Oregon Military Department to construct the Oregon Institute of Military Science. This facility, financed mostly by federal funds, will house the classroom training operations of the Oregon National Guard. The Military Department has selected a site on the Western Oregon State College campus as the location for the new Institute. The parcel selected is across from the Oregon Police Academy and adjacent to the proposed location for the Oregon Executive Conference and Training Center, authorized by the Board in February and by the Assembly in Chapter 734, Oregon Laws 1989.
Officials at Western Oregon State College welcome the addition of the Oregon Institute of Military Science to the Western Oregon State College campus because such a location will facilitate the College’s mission of serving state agencies in the Salem area, will provide off-peak use of the campus, and will allow for the sharing by the College of classroom and other facilities in the Institute whenever they are not needed for military use. Therefore, Western Oregon State College has requested that the Board authorize an Interdepartmental Agreement with the Oregon Military Department for the use of about five acres on campus.

Federal rules require that the Military Department have the exclusive right to use the land upon which the training facility will be located for at least 50 years. These rules and the college’s interests have led to the following key provisions which will be included in the agreement, currently being drafted by Department of Justice attorneys representing both departments.

The term of the agreement will be 50 years from the date that the executive branch of the federal government submits to the Congress its request to fund construction of the Institute. It is anticipated that this will occur early in 1990. (Congressional approval could happen in 1990, but may take until 1991.)

The Military Department will have five years from the date of Congressional submittal to begin construction. During the period prior to actual start of construction, the College will continue to maintain and control the property and collect all rents from the mobile home court tenants presently on the property. (It seems unlikely that it will take five years to begin construction since design work will start this fall and Congressional approval is being sought next year.)

The College and the Military Department will enter into a separate agreement governing the joint use of facilities. Such an agreement will be countenanced in the Interdepartmental Agreement. Basically, the Military Department, with the approval of the College, will be able to use college food service, dormitory, classroom, and other facilities, and the College will be able to use the classroom and other facilities of the Institute. The Military Department’s use will be predominantly on weekends and during summer months while the College’s peak periods are on weekdays during the academic year. The College also will retain the right to authorize in advance any sublease of the Institute’s facilities for periods of six weeks or longer. This latter provision not only assists in the joint use of the facilities but also gives the College a modicum of control over the facility if the Military Department temporarily loses its training funds and relinquishes its use of the facility for a period of time. The College will have first option to use the facility during such periods but, in those cases, will be required to pay rental fees for such use.
Other provisions of the agreement include approval of facility design by Western Oregon State College and conformance of the facility with the WOSC Campus Master Plan and with WOSC design criteria for the site and its surrounding area (for which the Assembly appropriated $150,000 of General Fund for Western Oregon State College's use). The attorneys are discussing how to deal with requirements that all uses of State property conform to local land use plans and laws.

The 50-year term may be extended to a total of 99 years. If the Military Department abandons the facility, or is found to be in breach of the agreement, the Board, at its option, may purchase the improvements at their then appraised value or require the Military Department to restore the site to its current condition (i.e., demolish the building).

The agreement, currently being prepared by the Department of Justice, may be available by the time of the Board meeting. Its language will address all the matters noted above.

**Staff Recommendation to the Committee**

The staff recommended that the Board concur in the request of Western Oregon State College and authorize the President and Secretary of the Board, as appropriate, to enter into an Interdepartmental Agreement with the Oregon Military Department for the use by the Military Department of about five acres on the Western Oregon State College campus for the construction and operation of the Oregon Institute of Military Science.

**Discussion and Recommendation by the Committee**

In response to a question, Mr. Perstein spoke about the Military Department's progress, indicating that it had begun its design work after approval of the recommendation. However, discussions with the Military Department have indicated that the facility will be used for their own purposes and for an FBI school which is currently operated elsewhere. If other states were to use the facility for their training purposes, the time schedule probably would be similar and would not interfere with Western's use.

Mr. Bailey asked that someone from Western comment on the relationship with the Police Academy and the Military Department and how well it has worked to this point.
Mr. Neifert said the arrangement with the Police Academy was not a new one although the new academy building was completed during the past year. The Police Academy had been on the campus for 13 years and housed and implemented its program through a dormitory which was leased from the College. With the new facility, there is a very good working arrangement and expanded opportunities for cooperative use of the space.

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, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Authorization To Transfer Other Funds Limitation & Authorize Expenditure of Funds for Acquisition of Office Space, OHSU

Staff Report to the Committee

Chapter 595, Oregon Laws 1987, established an Other Funds Limitation of $4,825,000 for constructing an office tower for use by Oregon Health Sciences University medical practitioners. The construction of such a facility would free considerable space on the extremely-crowded Oregon Health Sciences University campus for other academic, medical, and support functions. The office tower was to be used by Oregon Health Sciences University medical practitioners for their private practices as well as their OHSU practices. Article XI-F(1) bonds were authorized to finance the construction. These bonds were reauthorized in the recently completed 1989 session of the Oregon Legislative Assembly.

The office tower has neither been designed nor built. Recent interpretations of the 1986 changes to the United States Internal Revenue Code call into question whether bonds used to finance the construction of such an office tower would qualify for tax-exempt financing because of the private practice use of physician occupants. However, the overcrowding at Oregon Health Sciences University has become even more acute than it was in 1987.

The Oregon Health Sciences University has requested the Other Funds Limitation established for the Office Tower be transferred to a new project, the acquisition of existing office space. Oregon Health Sciences University proposes to purchase two office buildings, containing 65,462 square feet of space and more than 50 parking stalls, located at 2525 and 2611 SW Third Avenue in Portland. Institutional officials believe that this location is the nearest practical location which can be acquired for this purpose. Oregon Health Sciences University already leases some
space in the two structures. The price for the two buildings is $3,600,000, plus a maximum of $500,000 for the construction of additional parking and up to $600,000 for tenant improvements. The total cost, including all closing costs allocable to the buyer, can be met within the $4,825,000 Other Funds Limitation established for the office tower.

The purchase of the two buildings would be financed by the issuance of Article XI-F(1) bonds. The fall 1989 bond sale (1989 Series A) includes sufficient bonds for this project. Preliminary opinions from bond counsel are that the new project meets the criteria for tax-exempt bonds. The reason this project meets those criteria when the other may not have is that most of the proposed and actual occupants of the two buildings are public agencies. Less than 5% of the building will be occupied by business ventures and federal agencies; most of the rest will be taken up by Oregon Health Sciences University entities or other state agencies, some of whom now occupy space on the Oregon Health Sciences University campus. The project qualifies for Article XI-F(1) funding because most of the public tenants will be either Oregon Health Sciences University auxiliaries (including components of hospital administration) or State agencies (Adult and Family Services, Workers' Compensation, and Oregon Liquor Control Commission) who will pay market rent to Oregon Health Sciences University. These rental payments will meet debt service requirements.

When the buildings are fully occupied, up to 40,000 square feet of currently-occupied space at Oregon Health Sciences University will be freed for other uses, and the overcrowding problems of some of the entities moved into the newly-acquired properties will be addressed.

Oregon Health Sciences University, acting in concert with the Board's staff, has acquired an option on the property, pending approval of its request by the Board and by the State Emergency Board. The option expires on November 30, 1989.

Staff Recommendation to the Committee

The staff concurred in the request of the Oregon Health Sciences University and recommended that the Board approve the acquisition of the two office buildings and authorize the staff to seek approval from the State Emergency Board to transfer the Other Funds Limitation established by Chapter 595, Oregon Laws 1987, from the Office Tower project to the Office Space project. The staff further recommended that the Board authorize the expenditure of $4,825,000 for the acquisition and other costs associated with occupying the two buildings contemplated in the Office Space project.
Discussion and Recommendation by the Committee

Mr. Swanson inquired whether medical practitioners would be using the office spaces for both their private and Health Sciences University practices.

Mr. Pernsteiner said the medical practitioners would not be in the building. Other health sciences functions would be located in the building. The space released will relieve overcrowding but will not address the problem of the practitioners and their private practices. He explained the original project was intended to consolidate the private practices in one place and to alleviate the overcrowding to some extent. This proposal would begin to address the overcrowding but would do nothing about the consolidation of the private practices because to do so would jeopardize the tax-exempt financing. Other proposals are being explored which do not include the use of bonds.

Mr. Richardson asked about the appraised value of the two buildings and the percentage of space to be occupied by other state agencies.

Mr. Pernsteiner said Adult and Family Services would use between one-third and one-half of the space and this agency is related closely to activities of the Oregon Health Sciences University. The Liquor Control Commission has a small amount of space and is already in the building. The other state agencies occupy space under a lease arrangement which could be terminated at the end of the lease if the Health Sciences University required the space.

Mr. Neland said there were two appraisals at $3.8 and $4.2 million for the buildings.

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

Board Discussion and Action

In response to a question from Mr. Hensley, Mr. Pernsteiner said the remodeling was part of the proposal. It was indicated the buildings were about 20 years old.

The Board approved the Committee recommendation, with the following voting in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson Wilson, and Hensley. Those voting no: None.

Affirmative Action Rules

Mr. Pernsteiner reported to the Committee and to the Board that more complete rules relating to affirmative action requirements had been developed as indicated at the time the Board adopted an affirmative action rule in July. The Governor’s Office concurrently began drafting permanent rules to implement HB 3001, which
set up the emerging small business program. Staff from the State System is participating in the drafting of the latter set of rules. As soon as those rules have been adopted, the draft of the State System's rules will be completed so that they will be consistent with the statewide rules. It is anticipated there will be two rules for the State System. One will deal with disadvantaged business enterprises to meet federal requirements, and the other will deal with emerging small businesses to meet state requirements.

Computer Services Building Equipment

Staff Report to the Committee

The 1987 Legislature authorized $4,205,000 for construction of a new computer services building at Southern Oregon State College to replace extremely cramped quarters located primarily in the locker rooms of an old gym. In November 1988, plans for the building were completed and released for bids. The bids were opened in December 1988. Due to increasing construction costs, all bids were considerably above the available funding for the building.

From January 1989 to May 1989, Southern Oregon State College undertook an extensive redesign of the building to reduce its costs. However, the savings associated with the redesign were not enough to allow construction of a building which would meet the needs of the College. Therefore, it was necessary to apply toward construction nearly all funds budgeted for furnishing and equipping the building. The redesign savings, along with the furnishings and equipment dollars, made it possible to re-bid the project, and construction began August 1, 1989. Completion of the building is scheduled for September 1990.

The new computer services building, upon completion, will contain only a small fraction of the equipment necessary to utilize fully its potential. This lack of equipment is related to the need to divert equipment funds to construction and a woefully inadequate computer equipment inventory on campus. During this next year, Southern Oregon State College must address the task of equipping the building and having that equipment on hand and ready for installation when the building is ready for occupancy. Equipment needs in the amount of $1.6 million have been identified to equip the new building adequately.

Southern Oregon State College has begun to take measures to address this equipment need. The SOSC Foundation has accepted the equipping of the new building as its number one priority for the next year. Nearly $136,000 in donations and gifts has been received to date. The institution is also submitting grant proposals to organizations such as the Keck Foundation, and the National Science Foundation with the expectation that their approval will result in funds for equipment purchases.
During budget hearings before the Ways and Means Education Subcommittee, the issue concerning the adequacy of funds to equip the computer services building was discussed. This discussion resulted in a Budget Note to Senate Bill 5559 which expressed the legislative concern about the need to provide funds to equip this building adequately. The Budget Note stated "Should additional nonbudgeted funds become available ..., the Department shall consider building equipment needs for the SOSC computer sciences building. If resources are not available, the Department may appear before the Emergency Board with a funding request." Although the Budget Note does not specify an amount which may be requested, discussion during the legislative budget hearings would imply a request of $800,000.

The Budget Note states that the Department should first apply "nonbudgeted funds" to equip this building. In light of the Board of Higher Education's budget priorities, as discussed with the Ways and Means Subcommittee, and the allocation by the Board of all appropriated funds in accordance with that budget plan, as discussed with the Ways and Means Subcommittee, there are no "nonbudgeted funds" in the State System's budget. Therefore, the only viable alternative to equip the computer services building is to seek $800,000 (of the $1.6 million required to equip the building) from the Emergency Board.

The funds are being requested from the Emergency Board at this time because Southern Oregon State College needs to know whether it will have resources to equip the building and thus know how it might be utilized upon completion. Other reasons for requesting the funds at this time are:

1. The complexity of the acquisition process for computer equipment of the type needed in the facility requires considerable lead time. Eleven months is normal for much of this type equipment.

2. Some of the equipment (a file server) requires training of staff in advance of installation if implementation is to go smoothly. Prudent use of staff time and resources would dictate that training should only begin if the equipment can be purchased.

3. Some granting agencies such as the National Science Foundation require matching funds. If funds are available grants can be submitted early.

4. Some equipment will need to be manufactured to building and program specifications. Sufficient lead time will be needed for awarding the contracts and constructing the equipment.
Staff Recommendation to the Committee

It was recommended that the Board of Higher Education authorize the Chancellor to seek $800,000 from the Emergency Board to assist in equipping the computer services building at Southern Oregon State College.

Discussion and Recommendation by the Committee

Mr. Bruggere asked whether there was a possibility the request would be denied and the building now under construction would have no equipment.

Mr. Lemman said this would be a theoretical possibility but a formally-adopted Budget Note by the Ways and Means Committee invited the application for these funds. Legislators from southern Oregon have assured the staff the request will receive favorable consideration.

President Cox said it had been determined late in the 1987 Legislative Session that the building remodel proposed would be a totally inadequate computer center. The project then became a new construction project with what had been a renovation budget. The entire southern Oregon community was aware the project was inadequate. Southern Oregon State College students supported the computer resource fee as their contribution toward equipping this building, and the foundation has committed itself to raising approximately half a million dollars. The foundation has raised $150,000 toward that goal so far. In addition, grants are being sought to assist in the task of equipping the building.

The $1.3 million will equip one large laboratory with approximately 250 personal computers. There will be a graphics laboratory and some computer-assisted design. An additional $300,000 is to be used to automate the library.

Mr. Hensley said he had viewed the current situation several times and found it very inadequate. He said the community was behind the effort and the $150,000 was raised on very short notice without any real campaign. There also appears to be a very strong possibility of receiving funds from a very large foundation.

There was a brief discussion with respect to the use of independent estimators and the total projected cost of construction of the new building.

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, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Staff Report to the Committee

In the continuing effort to refocus the Board’s attention on policy issues and limit the number of administrative decisions made or reviewed by the Board, it is proposed that the Board delegate to the Chancellor approval of the appointment of institution Vice Presidents and Executive Deans, the Secretary of the Board, and their terms and conditions of appointment. The Chancellor would also designate a classified employee to serve as Assistant Secretary of the Board. The Board would continue to select and appoint institution Presidents and fix their terms and conditions of employment. The Board would continue to approve the selection and appointment of Vice Chancellors, but their conditions of employment would be delegated to the Chancellor.

The Board would continue to have oversight with respect to the designated personnel actions in that the Chancellor would be required under the delegated authority to consult with the President and Vice President of the Board.

Staff Recommendation to the Committee

The staff recommended that the Board approve the following proposed revision to IMD 1.020(1) and (2):

1.020 Administrative Authority Over Staff and Employees

1. The Chancellor shall make recommendations to the Board, in which rests the sole power of decision, concerning the selections, appointments, [promotion], salaries, transfers, suspensions, and other conditions of appointment of institution presidents and the selection and appointment of Vice Chancellors.

The Chancellor is authorized to approve, after consultation with the President and Vice President of the Board, the salaries, transfers, suspensions, terminations, and other terms and conditions of employment of the Vice Chancellors, institution Vice Presidents and Executive Deans, and the Secretary of the Board, of the Secretary to the Board and the Vice-Chancellors, Presidents, Vice-Presidents, and Executive Deans (e.g., deans of faculties, deans of administration) of the Department. [Upon recommendation of the Chancellor, she shall designate a classified employe to serve as Assistant Secretary to the Board.
(2) The Chancellor is authorized to approve, [on-recommendation-of—after consultation individually with the President and Vice President of the Board, the selection and appointment [promotion, salaries, transfers, suspensions and terminations of appointments of school or college deans] of institution Vice Presidents, Executive Deans (e.g., deans of academic affairs, deans of administration, etc.), and the Secretary of the Board.

Discussion and Recommendation by the Committee

Mr. Bruggere suggested the Chancellor or President could report some of the promotions to the Board for purposes of visibility and recognition.

Mr. Swanson asked for further explanation of the designation of a classified employe to serve as Assistant Secretary of the Board.

Mr. Lemman explained that the Secretary of the Board is the corporate secretary who signs documents attesting to the actions of the Board. The Assistant Secretary can perform those actions on behalf of the Secretary of the Board when necessary. The Board, upon recommendation of the Chancellor, appoints the Assistant Secretary. The proposed change would permit the Chancellor to make that designation. These are existing positions, and the duties of both are outlined in the Internal Management Directives and in the Board’s Bylaws.

Mrs. Holwerda asked if those duties were being changed and was informed they were not. The only change is the person designating the Assistant Secretary.

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

Board Discussion and Action

The Board approved the Committee recommendation. On roll call vote, the following voted in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Appointments to Forest Research Laboratory Advisory Committee

Staff Report to the Board

ORS 526.225 provides that the Board of Higher Education shall appoint a Forest Research Laboratory Advisory Committee composed of fifteen members, nine of whom are to be individuals who are actively and principally engaged in timber management on forest lands, harvesting, or processing of forest products; three of whom are to be individuals who are the heads of state and federal
public forestry agencies; and three of whom are to be individuals from the public at large. Although the statute does not prescribe the terms of the committee members, the practice has been to make appointments for a period of three years. Those who are performing actively and effectively traditionally have been recommended for reappointment to a second three-year term, with all members replaced at the conclusion of a second term.

Carl Stoltenberg, Director of the Forest Research Laboratory, with the concurrence of President Byrne and Chancellor Bartlett, recommends the following appointments and reappointments for the period July 1, 1989, through June 30, 1992:

Appointment of Mr. Donald Smith, Vice President, Timberlands, Boise Cascade Corporation, as a representative of the timber industry. His responsibilities include Boise Cascade holdings in the Southern and Lake States and in Canada. He would bring a national and international perspective to the committee.

Appointment of Mr. John Butruille, Regional Forester for the National Forests of Oregon and Washington. Mr. Butruille is returning to Portland from Washington, D.C.

Reappointment of Mr. Bond Starker, President, Starker Forests, Inc., Corvallis.

Reappointment of Mr. Lew Krauss, Vice President, Rough and Ready Lumber Company, Cave Junction.

Staff Recommendation to the Board

The staff recommended the Board approve the above appointments and reappointments to the Forest Research Laboratory Advisory Committee.

Board Discussion and Action

The Board approved the staff recommendation, with the following voting in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None.

Confirming Action of Board President & Secretary re Letter of Consent for Sale of Property for Sharp & O'Hara Estates Property, OHSU

On October 21, 1988, the Board confirmed the Board President’s and Secretary’s actions of providing letters of consent on behalf of the Board consenting to the sale of roughly one-half of a parcel of property, subject to a land sale contract. Oregon Health Sciences University and the Board hold a vendor’s interest in the contract through a will. The consent was provided pursuant to obligations placed on the Board under the contract of the sale. An estate (which holds the vendee’s position in the contract of sale) has now requested a similar consent letter for
the other half of the parcel of property. The Board’s legal
counsel, Assistant Attorney General James Mattis, reviewed the
history of the case once again and concluded that there were no
reasons to withhold consent as obligated under the land sale con-
tact. Consequently, the Board President and Secretary executed
a consent letter to that effect.

For the detailed history outlining this relatively long and com-
plicated case (which has become even more complex because of the
deaths of two people) see pages 608-609, Minutes of Board Meeting
#570, October 21, 1988.

Staff Recommendation to the Board

The Board’s staff recommended that the Board confirm the action
taken by the Board President and Secretary to enable the sale of
the property by executing the letter of consent.

Board Discussion and Action

The Board approved the staff recommendation, with the following
voting in favor: Directors Adams, Bailey, Bruggere, Dodson,
Holwerda, Johnston, Miller, Richardson, Swanson, Wilson, and
Hensley. Those voting no: None.

Information
Report: Four-
& Five-Year
Teacher
Preparation
Programs

Staff Report to the Board

Background

Legislative action in June 1989 removed what had been a mandate
from the Board of Higher Education for all State System institu-
tions to move to a single fifth-year, graduate-level model for
elementary and secondary teacher education programs by the fall
of 1990. The Legislature’s action opened the door to other op-
tions, including four-year undergraduate models and five-year in-
tegrated models (programs that incorporate undergraduate teacher
preparation with a fifth year graduate program).

In anticipation of the Legislature’s passage of HB 3038, the
Board, at its June 15, 1989, meeting, rescinded its 1987 policy
on teacher education. This policy had authorized institutions to
eliminate four-year preparation programs and move teacher educa-
tion to an extended fifth-year, graduate-level program, effective
no later than fall 1990. The Board replaced the 1987 policy with
one that directs State System institutions to offer a diversity of
four- and five-year teacher education programs no later than
fall 1991.

In order to provide an assurance that the institutions would move
quickly to comply with this change, the Board asked the institu-
tions to return no later than September 1989 with preliminary
proposals for a more diverse framework of teacher preparation
programs. Institutions intending to plan four-year programs were
directed to adopt as many of the Board's standards outlined in
the 1987 "Guidelines for Extended Teacher Education Programs" as
would be feasible within a four-year undergraduate sequence. The
purpose of this request was to preserve as many of the curricular
reforms of the past two years of planning as would be feasible.

Institutional Proposals

Since June, institutions have held numerous meetings with faculty
to discuss the type of teacher education programs that best fit
within the Board's policy to offer a diversity of four- and five-
year programs. Institutions developed their recommendations for
programs from the perspective of their mission, demographic char-
acteristics of students, needs of local school districts, and re-
sources for teacher education at the institution.

These institutional recommendations were then reviewed with the
Chancellor and staff in the Office of Academic Affairs to con-
sider the proposed array of programs from a statewide perspec-
tive. Issues of concern from a statewide level included avail-
ability of programs at more than one location in the state, the
availability of programs that end in a master's degree after one
year of graduate study, enrollment reductions in line with Board
policy (reduce by about one-third with consideration to market
demand and the availability of resources for teacher prepara-
tion), and more effective interinstitutional coordination of
endorsement programs in order to reduce duplication where feas-
able and build greater specialization into various endorsement
programs.

The chart that appears following this report depicts the tenta-
tive mix of programs proposed by the institutions.

Staff Findings

- Staff finds that the array of programs proposed by the in-
stitutions would result in a diversity of four- and five-
year programs in line with HB 3038. Four-year program op-
tions would be available at four campuses. Five- or fifth-
year program options would be available at five campuses.

- Enrollments in four-year options would amount to about one-
third of the total elementary/secondary enrollments. This
one-third level is in line with data on the percent of stu-
dents systemwide who are interested in an undergraduate
teacher education program (estimated at about 35% of stu-
dents). Enrollments in five- or fifth-year options would
amount to about two-thirds of the total enrollments. This
level is in line with the 60-70% of students who are inter-
ested in a graduate-level teacher education program. Nearly
half of State System students (44%) are already post bacc-
alureates when they seek entry to teacher education. There
is an additional group of "late deciders" or those who pre-
fer a fifth-year option (15-20%).
• The institutions do intend to maintain the spirit of the Board's 1987 "Guidelines" in that all four-year programs will require a regular academic major, with the professional education sequence to be provided via a second major or a minor (plus 15 weeks of student teaching in a local school district).

• The institutions would have their programs ready for implementation by summer or fall 1991, with most ready for implementation in 1990.

• The institutions would reduce teacher education enrollments by about one-third, in keeping with Board policy to reduce significantly enrollments in teacher education programs.

• Two of the extended programs will culminate in the awarding of a master’s degree at the end of a 12-month graduate program. Three other programs will award a master’s degree after an additional quarter of academic work.

• Special education stand-alone and dual-certificate programs will be available at four of the six campuses, providing students with choice in the type of preparation they desire.

Continuing Areas of Concern

Three major areas of concern still remain with regard to the further planning and implementation of teacher education programs. These problems would be occurring whether the State System institutions were moving to fifth-year programs exclusively, to the combination of four- and five-year programs proposed, or remaining with four-year programs.

1. Summer Session

Nearly all of the new teacher education programs will require that students enroll in summer session courses. These courses are especially critical for those campuses planning to place students in practica with local school districts at the start of school (school district calendars start weeks before State System institutions). Students need some academic coursework prior to practica in local schools. The summer session will, therefore, be an important component of the new teacher education program.

By Board policy, summer session in the State System is operated on a self-support basis. This means that faculty must be employed on a special contractual basis to teach summer classes and that unless there are enough students in a class to cover the instructional costs, a class does not "make." Since teacher education students under the new programs will
be admitted in "cohorts," institutions will be certain that the education courses will "make." However, current compensation levels for summer session faculty will not cover a full-time summer term assignment as will be needed for teacher education faculty.

Summer session faculty are compensated at 18-22% of their regular academic year salary. Faculty are not expected to assume significant advising, committee assignments, and research as expected during regular terms, nor are they expected to work after the end of summer classes. Teacher education faculty will be needed throughout the summer and early fall, however. For this employment, faculty would be expected to teach in an intensive summer session, advise students, and conduct committee assignments, as well as work with local school districts in early September. Teacher education students cannot be provided a quality education unless the courses are offered in the summer as planned by faculty and the curriculum is treated like the academic year curriculum. In order to compensate faculty in the summer at the regular academic year rate, faculty would need to be employed at about 30% of their regular 9-month's salary.

The Board recognized this situation in past action when staff brought this situation to the Board's attention. When each institution presented its proposal for a fifth-year program, those that will require a summer session for students were given permission by the Board to count the student credit hours generated in required summer courses for state reimbursement purposes. This meant that the student credit hours taken in summer term would be included in the official three-term-FTE enrollment reports issued by the Chancellor's Office.

This policy change would not mean, however, that campuses would automatically receive state reimbursement for these students. The State System does not receive additional funding outside the corridor-of-enrollment funding policy. Institutions would not receive additional funds above their targets of enrollment (the midpoint of the corridor under the new enrollment management policy of the Board). The amount of dollars for each institution is "frozen," so that an additional student FTE generated from summer session will not result in new funds. Institutions will be faced with pulling resources from other areas within the regular academic year program in order to cover the required summer session courses. A major cost will be moving some faculty in teacher education from 9-month to 12-month contracts.
2. Reimbursement for Local School District Supervision Services

One of the most important components of the new teacher education programs will be an expanded, redesigned student teaching experience. Student teaching will be increased from 10 weeks to a minimum of 15, and in several cases 30 weeks. Besides being expanded, the supervision of student teachers will be improved through a new partnership between higher education faculty and public school teachers.

Currently, schools of education negotiate separately with districts and schools to find student teaching placements. Compensation to supervising teachers is set in the System office as an hourly amount of compensation plus some fringe benefits; the amount is typically $120 per quarter paid to the district and a reduced staff fee rate for courses taken at the institutions. Districts vary, however, with regard to use of the compensation available for teachers. In some cases, the teacher receives the payment; in other cases, the district puts the payment into a staff development fund.

With our expanded student teaching programs, educators throughout the state agree that a new statewide policy is needed regarding the responsibility for student teaching. Three approaches have been suggested:

- One approach would create a state policy or law that requires school districts to become full partners in the supervision of student teachers with reimbursement to those teachers coming from state support of public schools. This is the model followed in Texas and Connecticut.

- A second approach would be for higher education and the Department of Education to agree on a process for selecting supervising teachers and an amount they should be reimbursed. The Legislature would then be asked for a separate appropriation which would reimburse each school district for each teacher who is selected as a student teacher supervisor.

- The third approach is to continue our present policy, expecting institutions to negotiate operating agreements within a State System policy which sets the salary and fringe benefits.

In selecting which approach would best facilitate the strengthening of our teacher field placement programs, we need to recognize that the third approach has been questioned in recent years as districts and teacher unions have
called for increased compensation for teacher services. Under any teacher education model we will provide (four-year or extended), districts believe they should receive additional compensation. Yet higher education institutions do not have the additional resources needed to provide this compensation. The occasion of implementation of extended programs has brought this situation into immediate and sharper focus.

3. Reductions in Institutional Resource Allocations to Schools of Education

When the Board directed the institutions in 1987 to eliminate four-year teacher education programs and replace them with extended graduate-level programs, there was also the directive that institutions reduce enrollments by about one-third. This was done in response to the significant and longstanding over-supply of teachers in the state and the low employment rate of new graduates. The occasion of the new teacher education programs presented an opportunity to raise the quality of those entering the teaching pool at a time when demand for admission was high, employment needs of districts low, and a ready supply of teachers available in the state.

While the institutions were asked to reduce enrollments and strengthen programs, the Board asked the institutions to hold the schools of education "harmless" from significant budget reductions during the planning and early implementation period. Specifically, it was the Board's expectation (March 1987) that the:

"Schools of Education, typically funded in student credit hours generated, should not be penalized because of declining enrollment at the very time they are upgrading their programs. A commitment to provide adequate resources should be made to the Schools of Education as they move through this transitional five-year period."

This commitment was made with an understanding that new programs would cost more. The additional funds were to be gained through dollars freed through reduced enrollments.

What has happened at some campuses, however, is that school of education budgets have been cut back in response to reductions in student enrollments and the reductions required by proposed salary increases. The costs of the new programs cannot, therefore, be covered, and there is some danger that important reforms of the programs cannot be implemented.
# Proposed Array of State System Teacher Education Programs

<table>
<thead>
<tr>
<th>Institution</th>
<th>Projected Enrollment</th>
<th>4 Yr. Program Elem. Sec.</th>
<th>5 Yr. Program Elem. Sec.</th>
<th>5th Yr. Program Elem. Sec.</th>
<th>5th Year Stand Alone</th>
<th>5th Year Degree Certificate</th>
<th>Projected Enrollments</th>
<th>TSPC Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>SOSC</td>
<td>120-140</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X X (Summer 1990)</td>
<td>X (Summer/Fall 1990)</td>
<td>20</td>
<td>December 1989</td>
</tr>
<tr>
<td>UO</td>
<td>140</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
<td>70</td>
<td>September 1989</td>
</tr>
<tr>
<td>WOSC</td>
<td>200</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>55</td>
<td>Revisions to Existing Program</td>
</tr>
<tr>
<td>PSU</td>
<td>150-175</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>70</td>
<td>December 1989</td>
</tr>
<tr>
<td>OSU</td>
<td>200</td>
<td></td>
<td>X (MAT)</td>
<td>X (MAT)</td>
<td>None</td>
<td>None</td>
<td>-</td>
<td>December 1989</td>
</tr>
<tr>
<td>EOSC</td>
<td>80</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>None</td>
<td>5th Year Already Approved; 4 Year Revisions to Existing Program</td>
</tr>
</tbody>
</table>

**TOTAL** 890-935

- This would represent a 37% - 31% reduction in enrollments from 1988-89 levels (down from 1,351).
Board Discussion and Action

The Board expressed appreciation to the Oregon Student Lobby for comments received dealing with concerns about the teacher education programs.

The Board accepted the report as presented.

Staff Report to the Board

The total costs of the Growth Chamber being constructed in Wenicger Hall 635 have exceeded the $100,000 spending limit that differentiates projects that need to be taken to the Legislature or Emergency Board for approval. The total costs are now expected to be $101,252 due to City of Corvallis requirements and unforeseen construction costs, both of which occurred during the course of construction.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

At the February 17, 1989, Board meeting, approval was given to proceed with the completion of design, preparation of construction documents, bidding, and contract award for the combined Basic Science Addition and Center for Research on Occupational and Environmental Toxicology (CROET), subject to approval of the Other Funds limitation increase by the Legislative Assembly and expenditure authorization of the State Emergency Board. The Other Funds limitation increase was approved within Section 6 of Chapter 734, Oregon Laws 1989. Emergency Board approval to expend the funds will be requested at the October Emergency Board meeting.

Board Discussion and Action

The Board accepted the report as presented.

Staff Report to the Board

On July 21, 1989, the Board authorized the staff to advertise a lot in Seal Rock Beach, Clatsop County, Oregon, for sale by bid. The property is surplus to the University of Oregon’s needs. On August 22, 1989, one bid was received. The bid of $2,755 was accepted. Payment will be 25% down, with the balance payable in equal monthly installments including principal and interest, over a five-year period.
The proceeds of the sale will be used in accordance with state statutes and regulations.

**Board Discussion and Action**

The Board accepted the report as presented.

### 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 Services**

<table>
<thead>
<tr>
<th>Architectural Consulting Services, WOSC</th>
<th>An Agreement was negotiated with Bloodworth, Ellis, Seder, McNamara Architects, Portland, for architectural services not to exceed $50,000. Financing is provided from state funds.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Architectural Consulting Services, WOSC</td>
<td>An Agreement was negotiated with WEGROUP Architects &amp; Planners, Portland, for architectural services not to exceed $50,000. Financing is provided from state funds.</td>
</tr>
<tr>
<td>Track Rehabilitation, SOSC</td>
<td>An Agreement was negotiated with T. Flatebo &amp; Associates, Inc., Jacksonville, for engineering services not to exceed $5,000. Financing is provided from student building fees.</td>
</tr>
<tr>
<td>Engineering Consulting Services, SOSC</td>
<td>An Agreement was negotiated with Marquess &amp; Associates, Inc., Medford, for engineering services not to exceed $50,000. Financing is provided from state funds.</td>
</tr>
<tr>
<td>Hamilton Hall Energy Consulting Services, UO</td>
<td>An Agreement was negotiated with E. E. S. I., Inc., Corvallis, for engineering services not to exceed $2,100. Financing is provided from student dormitory fees.</td>
</tr>
<tr>
<td>PLC/Academic Learning Services Stair &amp; Remodel, UO</td>
<td>An Agreement was negotiated with Jerome Diethelm, Architect &amp; Landscape Architect, Eugene, for architectural services not to exceed $2,950. Financing is provided from state funds.</td>
</tr>
<tr>
<td>Student Health Center Elevator Consulting Engineering, UO</td>
<td>An Agreement was negotiated with Lorch, Bates &amp; Associates, Lynnwood, Washington, for consulting services not to exceed $8,200. Financing is provided from state funds.</td>
</tr>
<tr>
<td>Traffic Study, 13th Avenue, UO</td>
<td>An Agreement was negotiated with JEH Transportation Engineering, Eugene, for consulting services not to exceed $3,000. Financing is provided from parking reserves.</td>
</tr>
</tbody>
</table>
An Agreement was negotiated with Systems West Engineers, Inc., Eugene, for engineering services not to exceed $500. Financing is provided from student dormitory fees.

An Agreement was negotiated with Brown & Caldwell, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with ETS Pacific, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with Glumac & Associates, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with James D. Graham & Associates, Inc., Portland, for engineering services not to exceed $950. Financing is provided from state funds.

An Agreement was negotiated with PAE Consulting Engineers, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with Paraclete Engineers, Inc., Vancouver, Washington, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with R & W Engineering, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with Systems West Engineers, Inc., Eugene, for engineering services not to exceed $500. Financing is provided from student dormitory fees.

An Agreement was negotiated with Brown & Caldwell, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with ETS Pacific, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with Glumac & Associates, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with James D. Graham & Associates, Inc., Portland, for engineering services not to exceed $950. Financing is provided from state funds.

An Agreement was negotiated with PAE Consulting Engineers, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with Paraclete Engineers, Inc., Vancouver, Washington, for engineering services not to exceed $70,000. Financing is provided from state funds.

An Agreement was negotiated with R & W Engineering, Inc., Portland, for engineering services not to exceed $70,000. Financing is provided from state funds.

Award of Construction Contracts

On July 20, 1989, Vik Construction Co. was awarded a contract for this project in the amount of $3,502,762. Financing is provided from state funds.

On July 25, 1989, Bagley Contractor’s, Inc., was awarded a contract for this project in the amount of $86,590. Financing is provided from Article XI-F(1) Bonds.

On July 12, 1989, Walsh Construction Co. was awarded a contract for this project in the amount of $4,250,000. Financing is provided from Article XI-F(1) Bonds.
Stevenson Union Addition, SOSC was awarded a contract for this project in the amount of $1,514,000. Financing is provided from Article XI-F(1) Bonds.

Computer Science Reroof, Upper Roof, OSU

Food Service Warehouse Freezer, OSU

Gill Coliseum Reroof—Flat Roofs, OSU

Marine Science Center, Oceanography & Fisheries Wings Reroof, OSU

Moreland Hall Reroof, OSU

Parking Lots and Streets Maintenance & Repair, OSU

Seed Lab, OSU

Sheep Research Facility, OSU

Wilkinson Hall Reroofing, OSU

Accessibility & Elevator for Handicapped (Villard & Deady Halls), UO

On July 25, 1989, Dale Ramsay Construction Co. was awarded a contract for this project in the amount of $29,900. Financing is provided from state funds.

On July 20, 1989, Terry Hackenbruck Construction was awarded a contract for this project in the amount of $151,170. Financing is provided from state funds.

On July 3, 1989, Umpqua Roofing Co. was awarded a contract for this project in the amount of $92,990. Financing is provided from state funds.

On July 12, 1989, Builders Insulating & Roofing, Inc., was awarded a contract for this project in the amount of $144,940. Financing is provided from state funds.

On June 20, 1989, Early Roofing Service, Inc., was awarded a contract for this project in the amount of $39,987. Financing is provided from state funds.

On July 17, 1989, R. J. Armstrong & Associates Construction was awarded a contract for this project in the amount of $48,417.50. Financing is provided from parking reserve funds.

On July 17, 1989, Wayne Anderson Construction, Inc., was awarded a contract for this project in the amount of $307,447. Financing is provided from state funds.

On July 5, 1989, Wayne Anderson Construction, Inc., was awarded a contract for this project in the amount of $328,840. Financing is provided from state lottery funds.

On July 20, 1989, Early Roofing Service, Inc., was awarded a contract for this project in the amount of $41,681. Financing is provided from state funds.

On August 2, 1989, Lonnie Hamm & Associates was awarded a contract for this project in the amount of $451,590. Financing is provided from state funds.
Architectural & Allied Arts
Addition & Alterations:
Bid Package B, Lawrence Hall, UO

Earl Hall-ECMs, USDOE/ICP, UO

1535 Agate Street Remodel, UO

Honors College Remodel (Chapman Hall—3rd Floor), UO

Science II Courtyard Repair, UO

Walton Hall Domestic Hot Water Piping Replacement, UO

Biomedical Information Communication Center, OHSU

Medical Research Bldg. & Dental School Animal Area Ceiling & Lighting Replacement Project, OHSU

University Hospital South, 7C SICU Renovations, OHSU

Smith Memorial on August 13, 1989, Silco Construction Co. was awarded a contract for this project in the amount of $308,648. Financing is provided from state funds.

PSU

Meeting #580

September 7, 1989

On June 20, 1989, John Hyland Construction, Inc., was awarded a contract for this project in the amount of $4,527,869. Financing is provided from state funds.

On July 3, 1989, Burge' and Associates was awarded a contract for this project in the amount of $23,700. Financing is provided from 50% housing and 50% federal funds.

On August 9, 1989, 2G Construction was awarded a contract for this project in the amount of $21,233. Financing is provided from building use credits.

On August 2, 1989, McKenzie Commercial Contractors, Inc., was awarded a contract for this project in the amount of $62,314. Financing is provided from gift funds and building use credits.

On August 9, 1989, McKenzie Commercial Contractors, Inc., was awarded a contract for this project in the amount of $38,955. Financing is provided from capital repair funds.

On August 1, 1989, Lebanon SERVCO, Inc., was awarded a contract for this project in the amount of $15,181. Financing is provided from housing reserve funds.

On July 7, 1989, Donald M. Drake Company was awarded a contract for this project in the amount of $1,121,000. Financing is provided from federal funds.

On July 10, 1989, Cloyd R. Watt Construction Co. was awarded a contract for this project in the amount of $125,236. Financing is provided from gift and state funds.

On July 25, 1989, Todd Hess Building Co. was awarded a contract for this project in the amount of $20,850. Financing is provided from hospital funds.

On August 13, 1989, Silco Construction Co. was awarded a contract for this project in the amount of $308,648. Financing is provided from state funds.

(1987), vided from Article XI-F(1) Bonds.
Acceptance of Projects

Parking Lot 36 Extension—1987, SOSC
This project is complete and was accepted on June 19, 1989. The estimated total project cost remains at $50,254. Financing was provided from parking reserve funds.

Student Union Reroofing Project Rebid, SOSC
This project is complete and was accepted on April 24, 1989. The estimated total project cost remains at $77,783. Financing was provided from capital repair funds.

Covell Hall Fire Escape, OSU
This project is complete and was accepted on June 30, 1989. The estimated total project cost remains at $82,614. Financing was provided from state funds.

Electrical & Computer Engineering Building, OSU
This project is complete and was accepted on July 14, 1989. The estimated total project cost remains at $5,760,379. Financing was provided from state funds (lottery).

Forest Research Laboratory Structural Rehabilitation Phase II, OSU
This project is complete and was accepted on June 30, 1989. The estimated total project cost remains at $7,201. Financing was provided from state funds.

Installation of 12" Steel Marquam Pump Main & 6" DB Type Duct, OHSU
This project is complete and was accepted on May 1, 1989. The estimated total project cost remains at $41,632. Financing was provided from gift funds.

Geothermal Injection Well, OIT
This project is complete and was accepted on June 16, 1989. The estimated total project cost remains at $264,418. Financing was provided from state funds.

Board Discussion and Action

The Board accepted the report as presented.

Executive Session

Mr. Hensley announced that the Board would recess and convene in executive session to consider a personnel matter. He asked Mr. Lemman to read the appropriate statement.

Mr. Lemman read the following statement: "The Board of Higher Education will meet in executive session at 11:05 a.m. in Room 333, Smith Memorial Center, Portland State University. The executive session, from which the public is excluded, is held for the purpose of hearing a report from the Board’s ad hoc committee concerning the disciplinary sanction against a faculty member an
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deliberating thereon in accordance with the provisions of ORS 192.660(1(b). Pursuant to ORS 192.660(3), representatives of the news media will be allowed to attend but the Board requires that the discussions and any reports received in the executive session be undisclosed. Pursuant to ORS 192.660(4), no final action will be taken or final decision made at the executive session."

Mr. Lemmon then asked whether any Board member objected to convening in executive session for the purpose and under the conditions just described.

There being no objections, Mr. Hensley recessed the Board. The Board meeting was reconvened following the executive session.

ITEMS FROM BOARD MEMBERS

Mr. Johnston commended Dr. Large on the revised format for the Board docket.

Presidential Search, PSU

Mr. Bruggere reported the PSU Search Committee had held its first work session and was making very good progress. Meetings have been scheduled with constituent groups to solicit their opinions. He listed the scheduled meetings. A position statement and statement of qualifications are being drafted. Mr. Bruggere said he and Dr. Large would be meeting with various associations in Washington, D.C., in about two weeks to obtain their assistance.

Open House, OCATE

Mr. Bruggere announced the new facility for OCATE would be displayed at an open house on September 21. Arrangements are underway to hold a Board meeting at the OCATE facility, probably on December 14.

Ad Hoc Committee To Review Disciplinary Action

Ms. Wilson said the ad hoc committee appointed at the last meeting to review a disciplinary action against Dr. Michael Gilbertson taken by one of the institutions. She said the ad hoc committee’s review of the record and the appropriate statute had resulted in its recommending to the Board that the disciplinary letter be removed from the file in question. Ms. Wilson said the recommendation did not in any way suggest that the president did not have grounds to write the letter, only that there was not sufficient basis for such a letter based on the narrow question before the committee. She moved that the Board approve the recommendation of the ad hoc committee.

The Board approved the recommendation, with the following voting in favor: Directors Adams, Bailey, Bruggere, Dodson, Holwerda, Miller, Richardson, Swanson, Wilson, and Hensley. Those voting no: None. Director Johnston abstained from voting.

Introduction of S. Acuff

Mr. Hensley introduced Mrs. Sue Acuff, the legislative fiscal analyst for higher education. He expressed the Board’s appreciation to her for her help with Ways and Means.

Congratulations

Mr. Hensley congratulated Mrs. Holwerda for passing the bar examination.
Mr. Hensley announced that former Chancellor William E. Davis had just been appointed the new president of Louisiana State University.

Copies of a letter from Ms. Lausmann were distributed to Board members. The letter referred to a particular issue with respect to former President Sicuro.

Mr. Hensley reminded Board members of the Board's visit to the campus of Southern Oregon State College on October 19 and the Board meeting at that institution the following day. He asked Board members to respond to the inquiry from President Cox if they wished to see any of the plays during that time. They were also asked to return revised biographies to the Board Secretary as soon as possible.

The Board meeting was adjourned at 11:30 a.m. to enable Board members to attend meetings with the Board of Education and the Oregon Economic Development Commission.

Richard F. Hensley, President

Wilma L. Foster, Secretary