MINUTES OF REGULAR MEETING OF THE
OREGON STATE BOARD OF HIGHER EDUCATION

November 20, 1992

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The meeting of the State Board of Higher Education was called to order at 1:15 p.m. by President Robert L. R. Bailey.

On roll call, the following answered present:

Ms. Janice Wilson  Mr. Rob Miller
Mr. Robert Adams  Mr. G. E. Richardson, Jr.
Mr. Mark Dodson  Mr. Leslie Swanson, Jr.
Ms. Beverly Jackson  Ms. Laurie Yokota
Mr. Robert L. R. Bailey

Ms. Davis was absent due to illness, and Mr. Donahue was absent due to conflict of schedule.

Chancellor's Office -- Chancellor Thomas A. Bartlett; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Roger Bassett, Director, Governmental Relations; Tom Berkey, Associate Budget Director; Virginia Boushey, Assistant Vice Chancellor, Academic Affairs; Gary Christensen, Assistant Vice Chancellor, Academic Affairs; Shirley Clark, Vice Chancellor, Academic Affairs; Francesca Clifford, Assistant Director of Communications; Thomas Coley, Assistant Vice Chancellor, Academic Affairs; Judith Denison, Secretary; Melinda Grier, Director, Legal Services and Compliance Officer; Jan Haley, Secretary; Dale Hess, Special Assistant to the Director of Governmental Relations; Weldon E. Ihrig, Vice Chancellor, Finance and Administration; Susan Johnese, Secretary; Larry Large, Vice Chancellor, Public Affairs; Jim Mattis, Assistant Attorney General; Erika Metcalf, Secretary; John Owen, Vice Chancellor, OCATE; Greg Parker, Director, Communications; George Pernsteiner, Associate Vice Chancellor for Administration; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; Virginia L. Thompson, Board Secretary; Susan Weeks, Director, Institutional Research Services; Holly Zanville, Associate Vice Chancellor, Academic Affairs.
Meeting #614

November 20, 1992

Eastern Oregon State College -- President David Gilbert; James Hottois, Provost/Dean of Academic Affairs; Mary Voves, Dean of Administration.

Oregon Health Sciences University -- Tom Fox, Vice President, Development and Public Affairs; Lesley M. Hallick, Vice President, Academic Affairs.

Oregon Institute of Technology -- President Lawrence Wolf; Martha Anne Dow, Provost; Doug Yates, Dean of Administration.

Oregon State University -- President John Byrne; Roy Arnold, Provost/Vice President for Academic Affairs.

Portland State University -- President Judith Ramaley; Lindsay Desrochers, Vice President, Finance and Administration.

Southern Oregon State College -- President Joseph Cox; Ronald Bolstad, Dean, Finance and Administration.

University of Oregon -- President Myles Brand; Gerald Kissler, Senior Vice Provost for Planning and Resources, Academic Affairs; Barry Siegel, Professor, Economics; Norman K. Wessells, Provost; Dan Williams, Vice President, Administration; Charles Wright, Professor, Math.

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

Interinstitutional Faculty Senate -- Paul Engelking, University of Oregon; Herb Jolliff, Oregon Institute of Technology; Bonnie Staebler, Western Oregon State College.

Others -- Lee Braun, Student, UO; Sarah Clark, Daily Emerald; Sue Hildick, Legislative Director, U.S. Senator Mark Hatfield; Freya Horn, Student, UO; John S. Mulvey, Student, UO; Robert Nosse, Executive Director, Oregon Student Lobby; Masayuki Ozaki, Budget Officer, Toyama Prefectural University; Colleen Pohlig, Daily Emerald; Eric Ridenour, Student, UO; Jetta B. Siegel, Executive Secretary, Oregon Conference AAUP; Scott Simonson, Student, UO; Vegar Stouset, Student, UO; Neil E. Sunnell,
Finance Director, ASUO; Michele Vowell, PSU Vanguard.

CHANCELLOR'S REPORT

Chancellor Bartlett commented on the marathon of meetings scheduled for the Board. The Joint Boards meeting held earlier in the day was, in the Chancellor's view, one of the best meetings to date of that group.

Masayuki Ozaki

Chancellor Bartlett introduced Mr. Masayuki Ozaki, an exchange professional from Toyama Prefectural University who is in Oregon observing state government operations. Mr. Ozaki will be spending six weeks in the Chancellor's Office. Toyama Prefecture is Oregon's sister city, and the exchanges are an important aspect of building the relationships.

WOSC Grant Award

Western Oregon State College is the recipient of a $1 million grant from the United States Department of Education to conduct work related to building a National Information Clearinghouse on Children with Deaf/Blindness. The award recognizes the outstanding work of Western Oregon State College in this specialized area of education.

President Brand Evaluation

Chancellor Bartlett reported on the regular triennial presidential evaluation of Dr. Myles Brand, President of the University of Oregon. Dr. C. Peter Magrath, President of the National Association of State Universities and Land-Grant Colleges, was the consultant for the evaluation. Chancellor Bartlett commented, "President Brand has served admirably in a time of great pressure on the president's office in reorienting the University to the stresses and constraints imposed by Measure 5 since he came into office. President Brand must sometimes ask himself, 'If I had known then what I know now, would I have done it?' He did, and we're glad.

"As the consultant indicated, 'There is no question at all that President Brand is a strong and effective president, a remarkable accomplishment given the budget miseries that Oregon higher education and the University of Oregon have experienced.'"

RESIDENCY RULES

Staff Report to Board

At the Board's October 23, 1992, meeting, staff proposed amendments to residency rules that were designed to make certain that only those students
who indeed have evidenced their intent to establish Oregon domicile are eligible for resident tuition. The Board received considerable public input, both at the public hearing and by written testimony. In response to concerns raised by students, the Board postponed action and appointed a subcommittee to consider the proposed changes, especially the effect on students who are currently enrolled. The subcommittee met on November 13, 1992.

Subcommittee Report to the Board

Mr. Richardson reported that all Board members of the subcommittee (Ms. Davis and Mr. Swanson) were present. Members of the audience were invited to comment further on the rules.

The Oregon State University student advocate and two representatives of the Oregon Student Lobby raised concerns about a number of provisions and proposed other language generally opposing staff recommendations.

Mr. Richardson indicated that there were two significant changes recommended by staff and approved by the subcommittee. The first change relates to the effective date of implementation of five of the residency rules. The new date is November 1, 1993. By using that date, all currently enrolled students will have an opportunity to be considered for residency.

The other significant change is the period of time required for change of Oregon resident classification. The original proposal was 24 months, and that has been changed to 12 months. This change would allow children of divorced parents to claim the residency of the parent upon whom they are not financially dependent.

Ms. Grier indicated that the other changes to the proposal presented at the October meeting: clarified the presumption that relates hours per term to primary purpose for being in Oregon; allowed students granted refugee status or political asylum to apply for residency; and required all application materials be submitted by the deadline for the affidavit.
Mr. Swanson remarked that "the November 1, 1993, date establishes equity with regard to students who have come to Oregon under the impression of certain residency requirements. I think at this time in Oregon higher education, it is appropriate that we tighten the residency requirements. At the same time, I'm particularly sensitive to some of the objections regarding the rule, particularly those that relate to diversity within the System. One of the problems that we may face in the future with tighter residency requirements will be that we will see less diversity on our campuses since that diversity often has come from out of state.

"So at the same time that I think we are doing the right thing with regard to Oregonians who are trying to keep a State System of Higher Education going in the face of fiscal crisis, I also think that we should be sensitive to re-examination if the time is appropriate and that we should be sensitive to increased revenue being used to support diversity within our colleges and universities."

President Bailey introduced Bobby Lee, Associated Student Body President of the University of Oregon. Mr. Lee indicated that students across the state had collected over 1,000 signatures supporting the following statement:

We, the undersigned, are strongly opposed to the proposal to tighten residency requirements for out-of-state students. It is our belief that such a policy will make the University less accessible to those who need a quality education to prepare themselves for the future. We are particularly distressed about the potential impact this will have on traditionally disadvantaged students, such as students of color and those from working class families, who have few options on where to earn a college degree. We call on you to seek alternative measures to seek the necessary revenue.

Mr. Lee urged the Board to make a political statement and refuse to pass the proposed changes in the residency rules.
In summary, the proposed amendments:

- Define "financial independence";

- Expressly provide that a person coming to Oregon primarily for the purpose of obtaining an education will be considered a nonresident; and

- Establish that, although residency of dependent students is usually that of the person upon whom the student is financially dependent, students of divorced parents also may be considered residents if, for 12 months prior to requesting residency, they have resided with a parent who is an Oregon resident.

Staff Recommendation

Staff recommended the Board adopt, as set forth below: Oregon Administrative Rules 580-10-029, 580-10-031, and 580-10-033, and amendments to Oregon Administrative Rules 580-10-030 to be effective November 1, 1993; and amendments to Oregon Administrative Rule 580-10-040 and 580-10-041 to be effective upon filing of the rule with the Secretary of State.

Note: Underlining indicates proposed new language, [Brackets indicate proposed deletions.]

Definitions

580-10-029. For the purpose of rules 580-10-030 through 580-10-045, the following words and phrases mean:

(1) "Domicile" denotes a person's true, fixed, and permanent home and place of habitation. It is the place where a person intends to remain and to which the person expects to return when the person leaves without intending to establish a new domicile elsewhere.

(2) "Financially independent" denotes a person who has not been and will not be claimed as an exemption and has not received and will not receive financial assistance in cash or in kind of an amount equal to or greater than that which would qualify him or her to be claimed as an exemption for federal income tax purposes by another person except his or her spouse for the current calendar
year and for the calendar year immediately prior to the year in which application is made.

(3) A "dependent" is a person who is not financially independent.

Determination of Residence

580-10-030 (1) For purposes of admission and instruction fee assessment, [Department] OSSHE institutions shall classify a [all] student[s (except students attending a summer session)] as Oregon resident or nonresident. In determining resident or nonresident classification, the primary issue is one of intent. If a person is in Oregon primarily for the purpose of obtaining an education, that person will be considered a nonresident. For example, it may be possible for an individual to qualify as a resident of Oregon for purposes of voting or obtaining an Oregon driver's license and not meet the residency requirements established by these rules.

(2) [For this purpose an] An Oregon resident is a financially independent person [with] who, immediately prior to the term for which Oregon resident classification is requested:

(a) Has established and maintained a domicile [bona fide fixed and permanent physical presence established and maintained] in Oregon of not less than [twelve] 12 consecutive months; and

(b) Is primarily engaged in activities other than those of being a college student. [immediately prior to the term for which residence status is requested.]

(i) A student may be considered primarily engaged in educational activities regardless of the number of hours for which the student is enrolled. However, a student who is enrolled for more than seven hours per semester or quarter shall be presumed to be in Oregon for primarily educational purposes.

(ii) Such period of enrollment shall not be counted toward the establishment of a bona fide domicile of one year in this state unless the student proves, in fact, establishment of a bona fide domicile in this state primarily for purposes other than educational.

[Determination of residence includes finding it to be the place where the person intends to remain and to which the person expects to return when leaving Oregon without intending to establish a new domicile elsewhere and shall be based on consideration]
of all relevant objective factors including but not limited to:

(a) Abandonment of prior out-of-state residence;
(b) History, duration and nature of noneducational activities in Oregon;
(c) Sources of financial support, including location of source of support and amounts of support; (Receipt, from a non-Oregon resident of support greater than the difference between resident and nonresident tuition at the institution where residence is sought, whether or not the student is actually claimed as a dependent for tax purposes, is a strong inference of nonresidency.)
(d) Location of family;
(e) Ownership of real property in Oregon;
(f) Location of household goods in Oregon;
(g) Filing of Oregon income tax return as an Oregon resident; and
(h) State of vehicle and voter registration. Residence is not established by mere attendance at an institution of higher education and physical presence in the state while attending such an institution.

(3) An Oregon resident is also a person who is dependent on a parent or legal custodian who meets the Oregon residency requirements of these rules.

(4) [(3)] The criteria for determining Oregon resident classification [established in section (2) of this above rule] shall also be used to determine whether a person who has moved from Oregon [the state] has established a non-Oregon residence.

(5) [(4)] If institution records show that the residence [as defined in section (2) of this rule] of a person or the person's legal custodian upon whom the person is dependent is outside of Oregon, the person shall continue to be classified as a nonresident until entitlement to resident classification is shown. The burden of showing that the residence classification should be changed is on the person requesting the change.

Residency Consideration Factors

580-10-031 (1) The following factors, although not necessarily conclusive or exclusive, have probative value in support of a claim for Oregon resident classification:

(a) Be primarily engaged in activities other than those of a student and reside in Oregon for 12 consecutive months immediately prior to the begin-
ning of the term for which resident classification is sought:

(b) Reliance upon Oregon resources for financial support;

(c) Domicile in Oregon of persons legally responsible for the student;

(d) Acceptance of an offer of permanent employment in Oregon; and

(e) Ownership by the person of his or her living quarters in Oregon.

(2) The following factors, standing alone, do not constitute sufficient evidence to effect classification as an Oregon resident:

(a) Voting or registration to vote;

(b) Employment in any position normally filled by a student;

(c) The lease of living quarters;

(d) Admission to a licensed practicing profession in Oregon;

(e) Automobile registration;

(f) Public records, for example, birth and marriage records, Oregon driver's license;

(g) Continuous presence in Oregon during periods when not enrolled in school;

(h) Ownership of property in Oregon, or the payment of Oregon income or other Oregon taxes; or

(i) Domicile in Oregon of the student's spouse.

(3) Reliance upon non-Oregon resources for financial support is an inference of residency in another state.

(4) The resident classification of a dependent person shall be that of his or her parents or legal custodians, or, in case of divorce or other similar circumstances, the parent or legal custodian upon whom the person is financially dependent, unless the dependent has been in Oregon with the other parent or a legal custodian and established Oregon residency under these rules 24 months prior to the term for which Oregon resident classification is requested.

Evidence of Financial Dependency

580-10-033 (1) In determining whether a student is financially dependent and whether his or her parent, or legal custodian has maintained a bona fide domicile in Oregon for one year, a student must provide:

(a) Legal proof of custodianship;

(b) Evidence of established domicile of parent
or legal custodian;

(c) The identification of the student as a dependent on the federal income tax return of the parents, or legal custodian. Additional documentation to substantiate dependency during the current calendar year may be required at a later time if deemed necessary by the institution.

(2) A student who provides evidence that he or she is a dependent of a parent or legal custodian who has maintained a one-year domicile in Oregon shall not be required to establish a one-year domicile prior to classification of resident status, provided such a student may not be classified as a resident while receiving financial assistance from another state or state agency for educational purposes.

Residence Classification of Aliens

580-10-040 (1) An alien holding an immigrant visa or an A, E, G, I, or K visa, or granted refugee or political asylum status, or otherwise admitted for permanent residence in the United States is eligible to be considered an Oregon resident if OAR 580-10-030[(2)] is otherwise satisfied. The date of receipt of the immigrant visa, the date of approval of political asylum or refugee status, or the date of approval of [an alien's application for] lawful permanent residence, whichever is earlier, shall be the date upon which the 12 months and other residency requirements under OAR 580-10-030 shall begin to accrue.

(2) Notwithstanding any other rule, an alien possessing a nonimmigrant or temporary, i.e., B, C, D, F, H, J, L, or M visa cannot be classified as a resident.

Changes in Residence Classification

580-10-041 (1) If an Oregon resident student [transfers to] enrolls in an institution outside of Oregon and later seeks to re-enroll in an [Department] OSSHE institution, the residence classification of that student shall be reexamined and determined on the same basis as for any other person.

(2) A person whose nonresident legal custodian establishes a permanent Oregon residence as defined in OAR 580-10-030[(2)] during a term when the dependent is enrolled at an [Department] OSSHE institution, [the enrolled person] may register as a resident at the beginning of the next term.
(3) Once established, classification as a resident continues so long as the student remains in continuous academic year enrollment in the classifying institution.

(4) A person who seeks classification as a resident under these rules shall complete and submit a notarized Residence Information Affidavit. The affidavit and all required supportive documents and materials must be submitted by the last day to register for the term in which resident status is sought.

(5) No OSSHE institution is bound by any determination of residency except by duly authorized officials under procedures prescribed by these rules including timely submittal of the notarized affidavit.

Board Discussion and Action

Mr. Adams asked how students establish Oregon domicile other than by being a student. Ms. Grier responded that the rules are to establish criteria to help residency officers evaluate whether students have indeed established domicile. Residency officers look to the rules for guidance, and the criteria established by the rules assist them in determining whether a student has demonstrated an intention to remain in Oregon after the educational experience is complete.

Continuing, Mr. Adams observed that it would be very difficult to judge the intent of a student who is, for example, a sophomore. Ms. Grier agreed that it was and that the model has been to let the residency officer evaluate the whole circumstance of the student.

Ms. Yokota inquired how the Oregon rules compared with other states in terms of stringency and if the new rules would bring Oregon "up to par" with them. Ms. Grier indicated that there is a wide variety of residency rules, and the present rules are moving Oregon into a group of states where it is more difficult to become a resident.

The Board approved the staff-recommended changes, and on roll call the following voted in favor: Directors Adams, Dodson, Jackson, Miller, Richardson, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.
AMENDMENTS
TO 1993-1995
PROPOSED
CAPITAL
CONSTRUCTION
BUDGET

Staff Report to the Board

In July 1992, the Board adopted the capital construction budget for 1993-1999. This proposed budget was submitted to the state's Executive Department on September 1 and was under review by that agency's budget staff as this report was written.

In prior biennia, the Board has submitted recommended amendments to the capital construction budget in the spring while the Legislative Assembly was in session. The Executive Department has requested that amendments for 1993-1995 be submitted by January 1, 1993, rather than later in the year. As in prior biennia, the guidelines under which the amendments can be submitted emphasize that no additional General Fund projects may be requested.

College and university officials were asked to request amendments. Other amendments flow from actions taken by the Board with regard to the University Hospital's C-Wing Expansion and Oregon Health Sciences University's Dotter Institute Expansion.

Amendments affect projects at Oregon Health Sciences University, Southern Oregon State College, and Oregon State University.

The Board approved Phase I of the C-Wing Expansion at the University Hospital and the expansion of the Dotter Institute at Oregon Health Sciences University as amendments to the 1991-1993 capital construction budget. Therefore, the Dotter project would be deleted from the 1993-1995 budget, and the 1993-1995 C-Wing effort would be characterized as a second phase, with a budget of $7,300,000. The Board approved these amendments in September.

Oregon Health Sciences University officials have requested that several other changes be made to the 1993-1995 capital construction budget request. The first involves reducing the budget for the second phase of the C-Wing Expansion from $7.3 million to $4 million. The deleted amount represents movable equipment that need not be included within a capital construction budget limitation.
The second proposed change eliminates the Ambulatory Research and Education Center project from the 1993-1995 request since Oregon Health Sciences University has requested that this effort be merged and moved into the 1991-1993 biennium as the second phase of the NeuroSensory Research Center. In a related action, Oregon Health Sciences University wishes to reduce the budget of the Emergency Room Relocation/Elevators project from $15 million to $7 million and designate it as the third phase of the NeuroSensory Research Center project. This project will involve constructing an emergency room and trauma center facility in the NeuroSensory Research Center to replace the current emergency room and also may involve some elevator expansions or improvements. The hospital will pay $5 million of this amount, with the balance coming from gifts.

Oregon Health Sciences University also is requesting that the $4,750,000 proposed limitation for the Primary Care Satellite Clinics be increased to $8 million as more walk-in patient care is moved from the main Oregon Health Sciences University campus into locations elsewhere in the Portland metropolitan area. In light of this proposed shift, the $25 million rehabilitation of the outpatient clinic would be reduced to just $3 million in 1993-1995 (although additional funds might be required in future biennia).

Officials at the University Hospital also suggest that the Pediatric Relocations effort for 1993-1995 be scaled back to $20 million (including $15 million of gifts and $5 million from the hospital). Because the $40 million in work originally expected for this project still must be done, no change to the Board's requested budget is being sought for this project.

The same officials also indicated that the hospital omnibus project might be reduced to $12 million for 1993-1995. This means that the rest of the $60 million of work needed for these rehabilitation efforts would have to be achieved in later biennia. However, because the scope of these ongoing renovation projects will continue throughout the originally anticipated six-year period, no change to the Board's requested budget is being sought for this project.
Southern Oregon State College again has requested to install mechanical systems and some flooring, ceiling, lighting, and walls in the basement of the 1990 addition to the Stevenson Union. This project was discussed with the Board in July 1992 but was not recommended for 1993-1995 funding because that cost exceeded available resources in the Building Fee fund. At that time, the entire $700,000 cost was expected to require Building Fee support. Officials at Southern Oregon State College have scaled the project budget back to $600,000 and identified $250,000 of auxiliary reserves that can be used. Therefore, they have pared their Building Fee request to $350,000.

Officials at Southern Oregon State College also have asked that the limitation for KSOR improvements be reduced from $800,000 to $450,000 to more accurately reflect expected grants.

Oregon State University has requested three changes to the 1993-1995 capital construction budget. The first adds $200,000 to the budget for Phase I of the Memorial Union Renovation, bringing the budget for this phase to $2,200,000. The additional funds, which can be supported from the Building Fee, would be used to help pay for the replacement or major repair of the trunk sewer that serves the facility.

Oregon State University's other projects are new efforts in Astoria. The first, a $4.4 million effort, would construct a new seafood laboratory to replace the existing Oregon State University Seafoods Laboratory. Half the funding would be provided by a federal grant. The remainder would be from private donations and sales and services revenue available to the Agricultural Experiment Station. Fundraising efforts are underway. The other facility is a new $1,995,000 Seafood Consumer Education Center to be paid entirely from a federal grant.

No General Fund construction is requested. The Building Fee can support the requests at Southern Oregon State College and Oregon State University based upon the enrollment levels estimated for the 1993-1995 reduced level budget approved by the Board last July. If enrollment is substantially less than expected, higher priority projects will be undertaken, and those lower on the Board's list will be deferred.
The 1993-1995 capital construction budget request, reflecting these proposed changes, follows. The net effect would be to reduce the total request from $430 million to $356 million.

Staff Recommendation to the Board

Staff concurred with the requests of Oregon Health Sciences University, Southern Oregon State College, and Oregon State University and recommended the Board authorize the preparation and submission to the Executive Department of an amended 1993-1999 Capital Construction Budget in accordance with the tables. Staff further recommended the Board authorize staff to apply for the necessary grants and seek the necessary bonding authorizations to effect the projects shown for 1993-1995.

Board Discussion and Action

Mr. George Pernsteiner, Associate Vice Chancellor, explained the series of changes being requested. The net effect of the proposals (largely due to the changes at Oregon Health Sciences University) reduces the Board's 1993-1995 request from $430 million to $365 million.

Mr. Adams commended the staff and the institutions for finding new ways to complete the work required.

The Board approved the staff recommendations. The following voted in favor: Directors Adams, Dodson, Jackson, Miller, Richardson, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.
1993-1995 CAPITAL CONSTRUCTION BUDGET

STAFF FUNDING RECOMMENDATIONS

TABLE I--EDUCATIONAL AND GENERAL
($ in thousands)

PART I. GENERAL FUND AND XI-G BONDS

<table>
<thead>
<tr>
<th>Inst.</th>
<th>Project Name</th>
<th>Gen.Fund</th>
<th>Other Funds</th>
<th>Total</th>
<th>New or Maint.</th>
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<tr>
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<td></td>
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<tr>
<td>A. Systemwide Projects</td>
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<tr>
<td>1</td>
<td>Deferred Maintenance</td>
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<td>Utility Renovation</td>
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<td>12,160</td>
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<td>Safety Improvements</td>
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<td>200</td>
<td>5,580</td>
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<td>4</td>
<td>Academic Modernizations</td>
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<td>Land Acquisitions</td>
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<td>Subtotal--Systemwide</td>
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<td>B. College and University Projects</td>
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<td>1-OSU</td>
<td>Kerr Library</td>
<td>$22,675</td>
<td>$10,000</td>
<td>$32,675</td>
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<td>2-WOSC</td>
<td>Business, Math, Computer Sci.</td>
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<td>3-SOSC</td>
<td>Art Facilities, Phase I</td>
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<td>4-UO</td>
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<td>5-EOSC</td>
<td>Agri/Science Greenhouse</td>
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<td>Subtotal--Coll/Universities</td>
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<td>TOTAL GENERAL FUND SUPPORTED PROJECTS</td>
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PART II. STATE LOTTERY

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<td>PSU</td>
<td>Engineering Building</td>
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<tr>
<td>OSU</td>
<td>Forest Ecosystem Lab</td>
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<td>TOTAL STATE LOTTERY FUNDS</td>
<td>$6,875</td>
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PART III. NONGENERAL FUND

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<td>Faculty/Staff Child Care</td>
<td>Grant/Gifts</td>
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<td>New</td>
</tr>
<tr>
<td>UO</td>
<td>OIMB Addition/Alterations</td>
<td>Grant</td>
<td>1,500</td>
<td>New</td>
</tr>
<tr>
<td>UO</td>
<td>Gilbert Hall Addition/Alterations</td>
<td>Gifts</td>
<td>7,500</td>
<td>New</td>
</tr>
<tr>
<td>UO</td>
<td>International Residence College</td>
<td>Grant/Gifts</td>
<td>12,000</td>
<td>New</td>
</tr>
<tr>
<td>SOSC</td>
<td>KSOR Improvements</td>
<td>Grant/Gifts</td>
<td>450</td>
<td>New</td>
</tr>
<tr>
<td>OSU</td>
<td>Seafoods Laboratory</td>
<td>Grants/Gifts</td>
<td>4,400</td>
<td>New</td>
</tr>
<tr>
<td>OSU</td>
<td>Seafood Consumer Education Center</td>
<td>Grant</td>
<td>1,995</td>
<td>New</td>
</tr>
<tr>
<td>TOTAL NONGENERAL FUND</td>
<td>$29,085</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL EDUCATIONAL AND GENERAL | $205,805|
### TABLE II--BUILDING FEE

<table>
<thead>
<tr>
<th>Priority</th>
<th>Inst.</th>
<th>Project Name</th>
<th>Bldg.Fee</th>
<th>Other</th>
<th>Total</th>
<th>New or Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OHSU</td>
<td>Stu.Union Reauthor.</td>
<td>$5,400</td>
<td>$</td>
<td>$5,400</td>
<td>New</td>
</tr>
<tr>
<td>2</td>
<td>OHSU</td>
<td>Utility Renovation</td>
<td>190</td>
<td>190</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>OSU</td>
<td>Mem.Union Ren. (Phase I)</td>
<td>2,200</td>
<td></td>
<td>2,200</td>
<td>Maint.</td>
</tr>
<tr>
<td>4</td>
<td>OIT</td>
<td>Child Care Facility</td>
<td>200</td>
<td>200</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>5</td>
<td>SOSC</td>
<td>Stevenson Union Mech/Shell</td>
<td>350</td>
<td>250</td>
<td>600</td>
<td>New</td>
</tr>
</tbody>
</table>

**TOTAL, BUILDING FEE**

|                |        |          | $8,340  | $250  | $8,590 |              |

### TABLE III--AUXILIARY SERVICES

<table>
<thead>
<tr>
<th>Inst.</th>
<th>Project Name</th>
<th>Fund Sources</th>
<th>Amount</th>
<th>New or Maint.</th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>Amazon Housing, Phase II</td>
<td>Housing</td>
<td>$9,000</td>
<td>New</td>
</tr>
<tr>
<td>UO</td>
<td>International Residence College</td>
<td>Housing</td>
<td>6,000</td>
<td>New</td>
</tr>
<tr>
<td>OHSU</td>
<td>C-Wing Expansion, Phase II</td>
<td>Hospital</td>
<td>4,000</td>
<td>New</td>
</tr>
<tr>
<td>OHSU</td>
<td>NeuroSensory Rsrch.Cntr., Ph.II</td>
<td>Hospital/Gifts</td>
<td>7,000</td>
<td>New</td>
</tr>
<tr>
<td>OHSU</td>
<td>Pediatric Relocations</td>
<td>Hospital/Gifts</td>
<td>40,000</td>
<td>New</td>
</tr>
<tr>
<td>OHSU</td>
<td>Primary Care Satellite Clinics</td>
<td>Hospital</td>
<td>8,000</td>
<td>New</td>
</tr>
<tr>
<td>OHSU</td>
<td>Hospital Omnibus</td>
<td>Hospital</td>
<td>60,000</td>
<td>Maint.</td>
</tr>
<tr>
<td>OHSU</td>
<td>Outpatient Clinic</td>
<td>Hospital</td>
<td>3,000</td>
<td>New</td>
</tr>
<tr>
<td>PSU</td>
<td>Housing Rehabilitation</td>
<td>Housing</td>
<td>4,475</td>
<td>Maint.</td>
</tr>
</tbody>
</table>

**TOTAL, AUXILIARY SERVICES**

|                |        |          | $141,475 |        |        |              |

**GRAND TOTAL--ALL 1993-1995 RECOMMENDED PROJECTS**

|                |        |          | $355,870 |        |        |              |
Officials at Oregon State University sought approval to construct a 4,100-square-foot addition to the facilities at the Southern Oregon Experiment Station on Hanley Road in Medford. The new building will include a research laboratory; three controlled atmosphere experimental storage units; and office, library, and meeting facilities. Also included within the scope of the project will be the remodeling of an existing laboratory into a fruit processing line and rearing/growth chambers.

The facilities will provide opportunities to conduct fundamental and applied research in a variety of subjects of concern to southern Oregon. These include soils research; the investigation of production and processing practices needed to introduce new crops that would broaden the economic base; testing of new varieties of seed, forage, and grain crops; research on controlling rots and other disorders of stored fruit; research on the application of controlled atmosphere storage to Rogue Valley pear varieties; evaluation of systems for growing trees on wire trellises; and implementing Integrated Pest Management programs aimed at reducing the use of pesticides.

The cost of the improvements was estimated at $500,000. Donations from growers and other businesses will amount to $165,000. (These funds already have been pledged.) Jackson County will contribute the proceeds from the sale of other land to be abandoned by the Experiment Station because the research into heavy clay soils being conducted at that site soon will be concluded. The sale of this 21-acre parcel is expected to generate another $185,000. The remaining $150,000 would come from Other Funds available to the Agricultural Experiment Station (AES).

Combining the two Medford area sites of the Agricultural Experiment Station is expected to result in more efficient operations. The construction of modern research facilities will contribute to the expanding research program at the Medford station. The Southern Oregon Experiment Station is the next station scheduled for major capital construction work in the Agricultural Experiment Station's capital construction plan. In recent years, major
efforts have been undertaken at the Malheur, Madras, North Willamette, and Mid-Columbia stations. AES officials have included the improvements in this project in their long-range planning.

The growers are anxious for the research efforts to expand and have urged Oregon State University to proceed as quickly as possible with construction of these facilities. Local officials have expressed interest in the facilities being completed prior to an international pear symposium scheduled to be held at the experiment station next summer.

Because construction is slated to begin in April 1993, Oregon State University officials requested the Board establish this project as part of the 1991-1993 capital construction budget. This requires the approval of the Emergency Board.

Staff Recommendation to the Board

Staff concurred with the request of Oregon State University and recommended the Board authorize staff to seek the approval of the Emergency Board for establishing an Other Funds limitation of $500,000 and authorize the expenditure of the amount for the expansion and renovation of the Southern Oregon Experiment Station.

Board Discussion and Action

The Board approved the staff recommendation with the following voting in favor: Directors Adams, Dodson, Jackson, Miller, Richardson, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

Staff Report to the Board

The Legislative Assembly authorized the construction of the NeuroSensory Research Center as part of the 1991-1993 capital construction budget. This project is funded with $22,360,000 of federal funds and $3,040,000 of gifts and is scheduled for a February 1993 groundbreaking.

Last summer the Board included in the 1993-1995 capital construction budget for Oregon Health Sciences University a project to construct an Ambulatory Research and Education Center. The original budget was $33 million and included par-
ticipation from the University Hospital, as well as federal and gift funding.

After a careful review of possible sites on the Oregon Health Sciences University campus and consideration of operating efficiencies, officials at Oregon Health Sciences University requested that the Ambulatory Research and Education Center project be designated as the second phase of the NeuroSensory Research Center. The intent is to construct the second phase of this project atop the original NeuroSensory Research Center.

The two phases of the project are linked by more than their co-location in the same facility. Oregon Health Sciences University officials characterize the work in Phase I as basic research, and the work in Phase II (ambulatory care research) as applied research. The federal funding that is the predominant source for both phases also ties the research centers together.

The participation of the University Hospital cannot move forward at the same pace as the federal and gift-funded portions of the combined project. Therefore, an amendment was proposed to the 1993-1995 capital construction budget scaling back the immediate work by the hospital on this project and combining it with the Emergency Room Relocation/Elevators project. The University Hospital proposed that the budget for this effort (Phase III of the NeuroSensory Research Center) be reduced to $7 million for 1993-1995. According to Oregon Health Sciences University officials, this will permit the construction of an Emergency Room/Trauma Center in the new NeuroSensory Research Center between the floors designated for basic research (Phase I) and those intended for applied research (Phase II). Some elevator expansion/improvement activities also will be undertaken.

The total budget for Phase II of the NeuroSensory Research Center, then, is $23 million, including $20 million of federal funds and $3 million of gifts.

Because the construction of Phase I is slated to begin in February, officials at Oregon Health Sciences University wished to establish the expenditure limitation for the second phase through ac-
tion of the Emergency Board as an amendment to the 1991-1993 capital construction budget. Therefore, the 1993-1995 project for the Ambulatory Research and Education Center would be deleted from the Board's capital construction budget request for the upcoming biennium.

Staff Recommendation to the Board

Staff concurred with the request of Oregon Health Sciences University to redesignate the Ambulatory Research and Education Center as Phase II of the NeuroSensory Research Center project with a total Other Funds limitation of $23 million and to delete the original project from the 1993-1995 capital construction budget request. With the Board's approval, staff will forward a request to the Emergency Board to establish an Other Funds limitation of $23 million to be expended for the construction of Phase II of the NeuroSensory Research Center.

Board Discussion and Action

The Board approved the staff recommendation. The following voted in favor: Directors Adams, Dodson, Jackson, Miller, Richardson, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

Staff Report to the Board

The University of Oregon proposed establishing an Other Funds limitation of $1,520,000 for the renovation and instrumentation of 8,000 square feet of laboratories to support research in molecular synthesis, structure, and dynamics. Some of the laboratories have not been updated since they were constructed in 1960 and are inadequate for the needs of 1990s research. The construction effort will include improvement of the ventilation and other health and safety aspects of the laboratories.

In addition to renovating laboratory space, the project will create a shared core area in Klamath Hall to house specialized instrumentation for nuclear magnetic resonance, x-ray diffraction, spectrophotometry, and other sensitive measurement devices. Also included in the project was the rebuilding of offices and support space.
The project will be supported by a $620,000 grant that has been received from the National Science Foundation (NSF), a $750,000 grant from the Murdock Charitable Trust, and $150,000 of reimbursements to the University by the federal government for indirect cost support of other research efforts. This last source constitutes the required match for the NSF grant.

If approved by the Board and the State Emergency Board, construction on this project will commence in the spring of 1993.

Staff Recommendation to the Board

Staff concurred with the request from the University of Oregon and recommended the Board authorize staff to seek the approval of the State Emergency Board for the establishment of an Other Funds limitation of $1,520,000 for the renovation of chemistry laboratories and associated offices and support space at the University of Oregon.

Board Discussion and Action

Mr. Bailey expressed appreciation that the institutions had sought and were able to acquire grant and Other Fund money for renovation, not just new construction. He observed that there are many under-utilized facilities the Board has not been able to upgrade and that the renovations were crucial.

The Board approved the staff recommendation with the following voting in favor: Directors Adams, Dodson, Jackson, Miller, Richardson, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

Staff Report to the Board

At the meeting on June 20, 1986, the Board authorized staff to enter into a lease agreement with the Pacific Northwest Raptor Rehabilitation Corporation (PNRRC), a not-for-profit Oregon corporation, to provide 15 acres on the Southern Oregon State College north campus for the construction of a museum devoted to the natural history of the northwest. Subsequently, a lease was executed on January 5, 1987. Groundbreaking for the proposed 30,000-square-foot museum building, to be financed...
with federal, state economic development, and gift/grant monies, is expected during 1993.

The PNRRC (now the Pacific Institute of Natural Sciences, doing business as the Northwest Museum of Natural History) has reduced the original scope of the museum facilities and has agreed to release a little over two acres back to the College. Lease Amendment 2, incorporating this land reversion, as well as adding a two-story residence and garage to the lease, was signed on September 22, 1992.

(No Board action required)

Staff Report to the Board

A summary of facilities contracting activities within the Office of Finance and Administration was presented below:

Award of Construction Contracts

Bike Shelters Project, UO

On October 29, 1992, Hoover Construction Company was awarded a contract for this project in the amount of $82,864.00. Financing for this project will be provided from bond funds.

Basic Science Bldg, Sprinkler Retrofit Project, OHSU

On November 6, 1992, Grinnell Fire Protection System Co. was awarded a contract for this project in the amount of $209,391.00. Financing for this project will be provided from state funds.

Child Development & Rehab Ctr Phase III, OHSU

On October 20, 1992, OTKM Construction, Inc., was awarded a contract for this project in the amount of $169,004.00. Financing for this project will be provided from state funds available for repair and maintenance.

Acceptance of Projects

Landers Dorm Complex Reroofing Project, WOSC

This project is complete and was accepted on November 29, 1991. The estimated total project cost remains at $196,654.00. Financing for this project was provided from housing funds.
<table>
<thead>
<tr>
<th>Project Description</th>
<th>Status</th>
<th>Estimated Total Project Cost</th>
<th>Financing Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Columbia Ag Research &amp; Extension Ctr Phase II, OSU</td>
<td>This project is complete and was accepted on August 25, 1992. The estimated total project cost remains at $71,298.00. Financing for this project was provided from state funds.</td>
<td>$71,298.00</td>
<td>State funds</td>
</tr>
<tr>
<td>UHN Reroofing Project, OHSU</td>
<td>This project is complete and was accepted on July 30, 1992. The estimated total project cost remains at $290,383.00. Financing for this project was provided from funds available to the institution.</td>
<td>$290,383.00</td>
<td>Institution funds</td>
</tr>
<tr>
<td>UHN, R1301 &amp; R1303 Restroom Remodel Project, OHSU</td>
<td>This project is complete and was accepted on September 7, 1992. The estimated total project cost remains at $82,349.00. Financing for this project was provided from hospital bonds.</td>
<td>$82,349.00</td>
<td>Hospital bonds</td>
</tr>
<tr>
<td>Campus Electrical System Improvements, Phase III, UO</td>
<td>This project is complete and was accepted on September 15, 1992. The estimated total project cost remains at $748,648.00. Financing for this project was provided from capital repair, housing, and funds available to the institution.</td>
<td>$748,648.00</td>
<td>Institution funds</td>
</tr>
<tr>
<td>Metro Campus Repairs Project, OIT</td>
<td>This project is complete and was accepted on October 29, 1992. The estimated total project cost remains at $765,726.04. Financing for this project was provided from an ODOE loan and state funds.</td>
<td>$765,726.04</td>
<td>ODOE loan, State funds</td>
</tr>
<tr>
<td>Metro Campus Repairs Project, Ext Painting Base Bid B, OIT</td>
<td>This project is complete and was accepted on October 28, 1992. The estimated total project cost remains at $9,300.00. Financing for this project was provided from state funds.</td>
<td>$9,300.00</td>
<td>State funds</td>
</tr>
<tr>
<td>Metro Campus Repairs Project, Reroofing Base Bid AA, OIT</td>
<td>This project is complete and was accepted on October 29, 1992. The estimated total project cost remains at $177,880.00. Financing for this project was provided from state funds.</td>
<td>$177,880.00</td>
<td>State funds</td>
</tr>
</tbody>
</table>

(No Board action required)
Mr. Dodson reported that he and several other Board members had an opportunity to meet with Richard Butrick to review the Associated Oregon Industries (AOI) survey, "Alternative Solutions to State Government Restructuring and Finance," distributed to Board members. Mr. Butrick, according to Mr. Dodson, is a "real friend of education in Oregon. One of the things that makes Oregon unique is the presence of an industry group that holds higher education, and education in general, in high esteem and is willing to put resources into providing leadership. The analysis contained in the report is very well intended and provides a commonality of interest that will stand us in good stead through the coming legislative session."

Mr. Richardson reported on a meeting with the Oregon Progress Board held on November 9, 1992. According to Mr. Richardson, the purpose of the meeting was a review and prioritization of the Benchmarks. The session was well attended, and suggestions have been made on changes in the current Benchmarks.

Mr. Adams commended the people responsible for the logistics of the series of meetings of the Board during the Thursday through Saturday period. "At last count, we will have met in seven different locations. I appreciate the hospitality at each."

President Bailey reminded the Board that, if necessary, an Executive Committee meeting of the Board would convene on December 18, 1992, at Portland State University.

The meeting was recessed at 2 p.m. until 2:15, the expected time of arrival of Governor Roberts.

President Bailey introduced Governor Roberts and expressed the appreciation of the Board for her input and openness in discussing higher education's priorities. He indicated that the Joint Boards had met in the morning and had, in his opinion, a very productive meeting. "We are, through your help and initiative, going a long way to working together on major issues."

Governor Roberts thanked the Board for extending the courtesy of meeting with them. The Governor provided background on the development of the
budgets, which she would be releasing on December 1, 1992. The rationale for releasing two budgets was to make clear what was and was not purchased with current revenues and how those two might be viewed next to each other.

The mandated budget, indicated the Governor, "literally takes available resources and allocates them as though there would be no other resources. We thought it critical to do it that way because the truth is we may indeed have to live with this budget.

"So we looked at programs totally funded by state resources and the cuts they received and, at the same time, looked at other cuts where groups have multiple sources and how to capitalize on using those sources to fill in. The mandated budget looked at the Oregon Benchmarks, vulnerable populations, and investments in the future.

"That budget sits side by side with the budget that has a different message. It is a shorter budget because the revenue that would be produced by a tax reform package would be basically focused on the area of education. It is important to understand that the budgets do not assume a 20 percent across-the-board cut for all agencies. Heavy emphasis was put on programs for children and vulnerable populations.

"I appreciate very much the work done by the Board and Chancellor Bartlett and his staff to assist with the higher education budget. What was submitted to us was an outstanding blueprint that made the budget decision-making easier. I don't have to tell you on this Board or in this room that my commitment to higher education is very strong. There were some things in the proposal that I had discomfort with. One of those was the tuition increases, and I had discomfort about enrollment reductions. When you have less money to spend on delivering your mission, you can't deliver it on as broad a base as you would like.

"For higher education, it is easy to talk about cutting administration. People talk about it all the time, but it is very difficult to bring it to reality, and you did it in your budget. I can't tell you how much difference that made in our
Meeting #614

November 20, 1992

ability to work on the other higher education aspects and to use higher education as a demonstration that we can, in fact, be less management heavy in state government.

"I want to thank Rob Miller for his work with the Board Administrative Review Committee (BARC). It really has given this Board and the Department a framework for decision-making. The emphasis on reduced administrative costs and instructional productivity are two of the elements that are going to help us deal with (in a sense, downsize) the higher education system.

"The Joint Boards process has moved to being one of the most productive things I have seen between two agencies of government and two boards in my years around government. It has set a trend for what cooperation truly means in making good decisions about policies for students from kindergarten through graduate school.

"The choices remain now with the legislature -- whether the cuts that have been made and the priorities that have been chosen will stand or be changed. Senator Grattan Kerans reminded a group that we have assumed all along that ultimately we would get 'the job done.' We wouldn't find the situation (of Measure 5) acceptable. Anybody who knows what's happened in California knows what that means now. I don't think we can assume that ultimately we will correct this budget problem unless we have done our job of being the most efficient we can be, delivered the best services we can produce, been the most accountable and most productive. Until we convince Oregonians that we have done that, the ultimate may be in a different place than we think it is right now."

Mr. Miller observed that the Board, the Chancellor, and presidents are taking some real risks regarding administrative cuts and reorganization. "You've asked us to do that. Our fear is that a deal that we think has been laid out very clearly from the beginning -- that is that the savings will be shifted over to the academic side -- won't come to pass. The only way we know to address the demographic shifts and the needs of Oregon over the next 10 - 15 years is to be able to shift savings over to the academic side. I would ask for any
encouragements that you can give us that you would help us to keep the deal in place so that we can shift rather than just have the money taken from us. Saying, 'thank you for the $2 million or $10 million savings' and reducing our budget accordingly takes all of the incentive out of it for those working so hard to accomplish the savings."

The Governor indicated that there is no total fairness in the budget process. "We've attempted to do that as much as possible."

Continuing, Mr. Dodson added that Mr. Miller's question is "almost a moral obligation from our standpoint to continue to provide incentives for people to continue to look at ways to downsize. The advice I'd like from you, from your experience, is how to approach reduced revenue. It is frustrating for me personally that we cannot convey to Oregonians that it takes 100 years to build or create this kind of a university or college. How do we, as a Board or a System, convey that this isn't just a spigot you can turn off and turn on. You'll never assemble this kind of faculty again."

Governor Roberts responded that it was important to remember that faculty are part of the infrastructure of the campuses. "I don't know how to convey to Oregonians more clearly that the state is at risk by not investing in the System -- faculty and buildings. The tolerance level may be greater than we think for not reinvesting."

Chancellor Bartlett commented that the Governor's statements suggest a real understanding of how the situation looks from the inside of higher education. "One of the heaviest weights on all of us is worry about infrastructure, of living with the uncertainty. That uncertainty factor, along with the budget, is so much a kind of weight we all carry."

The Governor suggested that what had been learned from the budgeting process is that "it is possible, late in the legislative session, for the legislature to come to grips with the fact that there are not enough revenues to do the job. It could go on the ballot in the early fall. If that's the case and if you change the tax structure in any notable way, you have about four months to put it into the
implementation stage so you can begin collecting taxes. Basically, a year of the biennium would be gone with that kind of scenario. Looking at this path, you understand that even if you pass a new tax structure, it will not fill the void in this biennium. In the next biennium, you would have a different kind of economic question."

President Bailey expressed appreciation that the Governor used terms that Oregonians have lost: investment, opportunity, can-do, and responsibility. Continuing, Mr. Bailey added, "hopefully we will be able to help you in reaching those goals. We appreciate your coming and sharing your ideas."

The Governor concluded by thanking the Board and all others in attendance for "their major contributions every day to this state. If we keep doing that, maybe we can make it clear that we are producing something very valuable."

The meeting adjourned at 3 p.m.

Virginia L. Thompson, Secretary
Oregon State Board of Higher Education

Robert L. R. Bailey
President