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

May 28, 1993

ROLL CALL

MINUTES APPROVED

REPORT ON OIT METRO CENTER CAMPUS

CHANCELLOR'S REPORT

Metro Center

Legislative Update

IFS Report

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OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING
CONFERENCE CENTER
METRO CENTER
OREGON INSTITUTE OF TECHNOLOGY

ROLL CALL

The meeting of the State Board of Higher Education was called to order at 10:55 a.m. by President Robert L. R. Bailey.

On roll call, the following answered present:

Mr. Robert Adams  Mr. Rob Miller
Mr. Mark Dodson  Mr. Leslie Swanson
Mr. Richard Donahue  Ms. Janice Wilson
Ms. Beverly Jackson  Ms. Laurie Yokota
Mr. Robert L. R. Bailey

Mr. George Richardson was absent due to conflict of schedule, and Ms. Britteny Davis was absent due to illness.

Chancellor's Office -- Chancellor Thomas A. Bartlett; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Virginia Boushey, Assistant Vice Chancellor, Academic Affairs; Gary Christiansen, Assistant Vice Chancellor, Academic Affairs; Shirley Clark, Vice Chancellor, Academic Affairs; Francesca Clifford, Assistant Director of Communications; Melinda Grier, Director, Legal Services and Compliance Officer; Peter Hughes, Director, Internal Audit; Weldon E. Ihrig, Vice Chancellor, Finance and Administration; Susan Johnese, Executive Secretary, Finance and Administration; Steve Katz, Controller; Larry Large, Vice Chancellor, Public Affairs; Roger Olsen, Director, OCATE; John Owen, Vice Chancellor, OCATE; Greg Parker, Director, Communications; George Pernstein, Associate Vice Chancellor for Administration; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; Diane Sawyer, Executive Secretary, Public Affairs; Loren Stubbert, Associate Budget Director; Virginia L. Thompson, Board Secretary; Holly Zanville, Associate Vice Chancellor, Academic Affairs.

Eastern Oregon State College -- President David Gilbert; James Hottois, Provost and Dean of Academic Affairs; Mary Voves, Dean of Administration.
The Board dispensed with the reading of the minutes of the April 23, 1993 meeting of the Board. Mr. Donahue moved and Mr. Dodson seconded that the minutes be approved as submitted.
The following voted in favor: Directors Adams, Dodson, Donahue, Jackson, Miller, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

Mr. Bailey thanked President Wolf for hosting the Board at the Oregon Institute of Technology Metro Center and observed that this was the first time the meeting had been held on this campus.

President Wolf welcomed the Board and introduced Dr. Richard Moore, director of the Oregon Institute of Technology Metro campus. Dr. Wolf remarked that the facility and the programs the Board had seen during the morning tour were the result of a partnership that included community colleges, Portland State University, and industry. The goal of the campus is to offer accredited technology programs, by extension, from the Oregon Institute of Technology. The Accrediting Board for Engineering and Technology specifies that to offer programs by extension they must: be the same program(s) as those offered on the main campus; be under the same administration; be under the control of the same faculty; and must have equivalent laboratory facilities.

Provision of laboratory facilities has been one of the most difficult to obtain, but computer and electrical engineering technologies facilities are in place. The goal now, according to President Wolf, is to extend these to manufacturing.

President Wolf introduced three guests. The first guest was Mr. Paul Lorenzini, president of Pacific Power and Light and who is the chair of Phase Two of the fund campaign. Mr. Lorenzini underscored the importance of the partnership of Oregon Institute of Technology and industry and pledged his continued support for raising funds for the Metro campus.

Mr. Mike Hallgrimson, a tool engineering supervisor for the Boeing Corporation, Portland headquarters, was introduced. Mr. Hallgrimson indicated that Boeing had donated $50,000 to the manufacturing engineering technology program to be used for a solids modeling program. He pointed out to the Board that Oregon Institute of Technology ranks as Boeing's fifth largest source of college recruits, with approximately 60 percent of Boeing Portland's engineers coming as graduates of the institution.
Finally, President Wolf introduced Mr. David Ings, chair and professor of Mechanical Engineering Technology who introduced a short video on aspects of the program.

CHANCELLOR'S REPORT

Chancellor Bartlett added his thanks to President Wolf for agreeing to open the Metro campus for the meeting and congratulated him on the progress that has been made in transforming a facility used as a junior high school into an exciting higher education learning environment. "In the context of a system that has been plagued with downsizing, the Metro campus presents a sense of new, fresh possibilities in an exciting environment," the Chancellor continued.

"One of the areas that must be kept high on the list of priorities for the State System is the development of advanced technology education. The implications of the School Reform Bill and the Tech/Prep 2 + 2 programs underscore this as well."

Legislative Update

Dr. Bartlett reviewed the present activities in the legislature. The Higher Education bill has cleared the Senate, and the process has started in the House with three-sided discussions among the House, the Senate, and the Governor's office.

"Now taking center stage in Salem are discussions about the shape of revenue replacement or new revenue structures," the Chancellor observed. "The period ahead will be a real tug-of-war as people increasingly examine alternatives to tax structures and various proposals."

Chancellor Bartlett once again expressed his appreciation to members of the State Board who have so generously given of their time to present before various groups in the legislature. Board members have been especially well prepared to respond to the range of difficult issues facing higher education during this session.

IFS Report

Finally, Chancellor Bartlett introduced Dr. Marjorie Burns, president of the Interinstitutional Faculty Senate (IFS).

Professor Burns reported that the IFS has been contacting and meeting with members of the legislature. In addition, Dr. Jack Cooper of Portland
State University has prepared a resolution for replacement revenues and is attempting to have it placed in various newspapers throughout the state. Finally, Dr. Burns underscored the willingness of IFS to assist the Board in a variety of ways in working with the legislature.

**Introduction**

The University of Oregon requests authorization to establish new graduate programs leading to the M.A. and Ph.D. degrees in the languages, literatures, and cultures of East Asia, with emphasis on China and Japan.

The proposed graduate programs will be offered by the Department of East Asian Languages and Literatures (EALL) in the University's College of Arts and Sciences. The proposed EALL graduate programs will prepare students to work in a variety of professional and academic areas and fields and will provide important sources of enrichment for teacher education programs in Chinese and Japanese. The degree options proposed are designed to take advantage of the unique combination of resources available at the University of Oregon, notably in the newly developing areas of Asian language pedagogy and comparative literature and critical theory focusing on non-Western cultures. The proposed programs build on a base of considerable academic strength in East Asian languages and literature and will draw additional vitality from the University's existing doctoral program in comparative literature. The EALL graduate programs will have an interdisciplinary focus and will interact synergistically with the University's area studies, anthropology, and history programs. A strong foundation for the interdisciplinary aspect of the proposed graduate programs has already been laid. Several of the EALL faculty are currently active participants in the University's Comparative Literature Program, and others have a close working relationship with the Department of Linguistics.

Two key factors in development of the proposed graduate programs are the University's Center for Asian and Pacific Studies (CAPS), created in 1988 to promote teaching, research, and outreach functions related to Asian Studies, and the Osamitsu Yamada Center for Language Learning and Teaching,
created through the generosity of Mr. Osamitsu Yamada, a Japanese businessman, whose $300,000 grant made the center possible. These two resources will be important assets as the University seeks additional external funding to help support graduate programs in EALL.

The proposed EALL graduate programs will provide advanced academic opportunities for graduates of the University of Oregon's Department of East Asian Languages and Literature and also for graduates of Portland State University's program in East Asian Languages. Applicants to the programs will include prospective teachers who plan to teach at the K-12, community college, four-year college, and university levels as well as current teachers of Japanese and Chinese who wish to update their skills and improve their techniques.

The proposed program will be operational within a year of approval. However, full implementation and resource reallocation will be phased in over a four-year period. A copy of the proposal is on file in the State System Office of Academic Affairs.

Staff Analysis

1. Relationship to Mission

The proposed EALL graduate programs are supportive of the University of Oregon's mission as a liberal arts, research university dedicated to preparing citizens for leadership positions in an international global economy. These programs will further the University's efforts to internationalize as outlined in the strategic plan.

Along with other major state universities on the West Coast, the University of Oregon is well positioned to play a central role in the economy of the Pacific Rim Basin. The proposed programs will strengthen that position and help to serve both regional and national needs by increasing the number of individuals holding advanced degrees in areas of Japanese and Chinese language pedagogy and literature.
2. **Evidence of Need**

Economic ties between the State of Oregon and East Asia have grown significantly in recent years. Continued growth will require a pool of expertise not only in economics and politics, but in adjacent areas of expertise such as language, culture, and literature.

A survey taken by the Modern Language Association, covering the period 1983 to 1986, revealed a 45 percent increase in the number of college students studying Japanese and a 28 percent increase in the number studying Chinese. These figures compare to increases in the same time period of six percent or less for most of the European languages and a four percent increase overall for all of the languages surveyed. The need to increase faculty in Chinese and Japanese is enormous. The result is fierce competition for the few qualified people and considerable difficulty in retaining them. The existence of a strong graduate program with quality research and outstanding students is essential to recruitment and retention of superior faculty.

The recent development of Japanese and Chinese language programs at the high school level and immersion programs in Japanese at the elementary level in Eugene and Portland are signs that Oregon will soon face demands for far higher levels of training in EALL than most other states in the nation.

The rapid development of the Center for Asian and Pacific Studies and the Yamada Language Center have made even clearer the dramatic need for graduate programs in East Asian languages. The University of Oregon's EALL program is the only program in the state with the full range of resources and staffing to train and certify teachers of both Japanese and Chinese.

3. **Quality of the Proposed Programs**

The Department of East Asian Languages and Literature has highly qualified faculty, which includes nationally known scholars. The pro-
posed programs will have access to state-of-the-art computer and audio/video facilities provided by the Yamada Language Center. In addition, the Center's classrooms are ideal for learning language pedagogy and for practical training.

Despite the lack of graduate programs, EALL has already helped train seven professional teachers of Japanese presently employed at such institutions as the University of Hawaii, University of Washington, Oregon State University, as well as the University of Oregon. EALL annually receives numerous inquiries about the teacher training program.

4. Adequacy of Resources to Offer the Programs

Faculty. EALL recently was successful in recruiting a new department head who is a specialist in Chinese literature. In addition, in each of the last two years, EALL was able to hire two new specialists in language pedagogy, one in Chinese and one in Japanese. Increases in the number of instructors over the last few years have allowed EALL to develop more advanced courses. With nine regular faculty, the EALL department will be able to offer the courses and advising needed for initiation of the proposed graduate programs. EALL currently is recruiting a specialist in Japanese literature and has also received a generous grant from the US WEST Foundation to hire a third specialist working in Japanese language and linguistics.

In related and supporting areas, the Center for Asian and Pacific Studies (CAPS) has made the hiring of specialists in related areas a priority. This year, a new position in Japanese history was filled, and a search for a CAPS director, presently underway, is very likely to be filled by a specialist in a China or Japan field. In addition, two new positions in sociology and anthropology respectively involve specialists in Japan.

The quality of current EALL faculty and the excellent program facilities available to the department will be a great advantage in com-
peting for, and attracting, highly qualified faculty to these programs.

Library. The University of Oregon's Orientalia collection is minimally adequate for the implementation of a graduate program. The collection contains approximately 80,000 volumes in Chinese and Japanese. It is probably the largest such collection for an institution without a graduate program in Chinese and Japanese, and the quality compares favorably with similar programs. However, the collection lacks certain large scale items such as the Taoist and Buddhist canons that, while important for larger universities and specialists, are not critical for the proposed EALL programs. Nonetheless, consultation with the Library and other relevant University components are underway to explore the feasibility of using grant monies to secure these sets. The Library and the Humanities Center have a $1 million grant that is partially targeted for specific projects such as these. EALL is also consulting with CAPS, Asian Studies, and the Yamada Center to explore a variety of recently available funding opportunities. Possibilities include grant requests to US WEST, the Japan Foundation, the Chiang Ching-kuo Foundation, NEH challenge grants, and appeals to Japanese industry. The role of donations and gifts in this connection will also be important.

The University's increased commitment to the Orientalia collection, as evidenced by the review of an outside consultant from Princeton University a few years ago and the recent hiring of a full-time Orientalia biographer, and the addition of Chinese and Japanese cataloguer positions, make clear that there will be increasing support as CAPS, Asian Studies, and EALL continue to grow.

Facilities and Equipment. No additional facilities and equipment are required for the proposed programs. The Yamada Center, which provides state-of-the-art equipment and facilities, will serve as a valuable resource for these programs.

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Budget Impact. The Department of East Asian Languages and Literature will need $238,764 in additional permanent funding over the next four years to support the proposed graduate programs. The additional funding will be used to hire five new faculty, increase clerical support in the department, support additional graduate students, and provide increased services and supplies.

Resources to support the proposed degree programs will be provided through a combination of internal reallocation and external funding sources. A grant proposal to US WEST was recently approved for over $330,000 to enhance the Japanese program. These funds will be received over the next three years and will provide support for one new faculty member, graduate students, additional clerical support, purchase of computer software, and evaluation and dissemination of curricular materials developed under the program. At the end of the grant period (fall 1997), the University will provide the required replacement funding for the program.

5. Duplication

No graduate programs in East Asian Languages currently exist in Oregon.

Program Review

The proposed programs have been the subject of an external review including a site visit by nationally and internationally recognized experts in East Asian languages and literature. The review team was favorably impressed with the current strength of the Japanese program and indicated that it is fully capable of successfully mounting the two proposed master's degree programs this fall. With additional faculty hires in Japanese and Chinese, as described above, the reviewers indicated that the department would be in a position to also implement the doctoral program.

The proposed graduate programs were positively reviewed by the Academic Council.
Staff Recommendation to the Board

Staff recommended the Board authorize the University of Oregon to establish graduate degree programs in East Asian Languages and Literature, effective fall 1993, with a follow-up review to be conducted by the State System Office of Academic Affairs during the 1999-2000 academic year. The proposal should be placed on the consent agenda for final action at the June Board meeting.

Discussion and Recommendation by the Committee

Provost Norman Wessells from the University of Oregon briefly reviewed the proposed programs and indicated that the first year enrollment was approximately 250 students taking first-year Japanese. One of the major problems facing educational systems in the United States is that there are not enough teachers of Japanese to handle the demand.

Professor Stephen Durrant, associate dean of Arts and Sciences, emphasized that the program will be phased in over the next five years. The initial step in that implementation will be offering a master's degree in Japanese language teaching and Japanese pedagogy.

Professor Durrant indicated that in addition to the number of students requesting Japanese language instruction, there are a large number of faculty and instructors at the University of Oregon interested, as well.

Mr. Donahue asked if there was an existing Chinese program and what the demand had been for Chinese language and culture. Mr. Durrant responded that the demand for Chinese had not followed the same high curve as Japanese and that the need in Chinese is not so much in the area of pedagogy as it is in cultural studies.

Mr. Swanson inquired if there were any programs where the Japanese or Chinese graduate program would intersect with K-12 teaching. In responding, Professor Durrant indicated that a grant from U S WEST will enable establishment of a Japanese Language Education Center, the purpose of which is to certify teachers for a fifth year program in Japanese language pedagogy. A summer program will be
offered to serve K-12 teachers so that more teachers can be prepared and the quality of teachers already in the system improved.

Mr. Dodson reflected on the importance of offering Asian language instruction in improved ways that is more conducive to the needs of people wanting the instruction. In responding, Professor Durrant indicated that teaching Asian languages takes approximately twice the amount of time than that required for other languages. The pedagogical implications of this are obvious.

Chancellor Bartlett indicated that the state of Oregon has embarked on a somewhat unique initiative in establishing a coherent statewide network of Japanese language instructors at the K-12 and higher education levels. Initiatives are underway to secure additional resources from private foundations, and some of these, according to the Chancellor, are very promising.

The Committee recommended the Board approve the staff recommendation.

Board Discussion and Action

Mr. Swanson moved and Mr. Donahue seconded the motion to approve the Committee recommendation and place the item on the consent agenda for final action at the June Board meeting. The following voted in favor: Directors Adams, Dodson, Donahue, Jackson, Miller, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

Endorsement in Early Childhood Education, EOSC

Introduction

Eastern Oregon State College requests authorization to offer a teaching endorsement in early childhood education. Courses leading to the proposed endorsement will be graduate courses offered by the School of Education. The Early Childhood Endorsement (ECE) will provide options for those students who wish to add the ECE experience to an MTE, M.S., or B.S. degree. It is designed to prepare professionals who will provide education and care services to young children -- birth to eight.
The focus of the proposed endorsement will be on the following areas:

- Development of the young child
- Developmentally appropriate curricula
- Assessment of growth and learning
- Diversity of families and children
- Guidance, communication and teaching methods appropriate for young children
- Meeting special needs of children and building relationships between home, schools, and the community

The ECE endorsement will complement and extend opportunities for students in existing elementary education programs by promoting the skills, knowledge, and attitudes needed for working effectively with young children.

Courses leading to the ECE endorsement will be offered summers only on a self-support basis. If approved, the program will begin in summer of 1993. Students must have achieved the Basic certification in elementary education to receive this endorsement. A copy of the full proposal is on file in the State System Office of Academic Affairs.

Staff Analysis

1. Relationship to Mission

The proposed endorsement is supportive of and consistent with the mission of Eastern Oregon State College to serve educational, social, cultural, and economic needs of the ten eastern-most counties of Oregon through high quality programs of instruction, research, and service.

2. Evidence of Need

Oregon's Education Act for the 21st Century (HB 3565), with its emphasis on early childhood education, will require an increasing number of competent teachers at the preschool
through primary grade levels. Head Start teachers who hold the Elementary License are mandated to complete an Early Childhood Endorsement by 1995. Interest expressed from persons in the ten-county region through a needs-assessment process, indicates that 20 to 30 students will enroll in the ECE classes.

3. Quality of the Proposed Program

Eastern Oregon State College has a long-term commitment to early childhood education and has operated the region-wide Eastern Oregon Head Start Program for many years.

Students enrolling in courses to acquire the proposed ECE endorsement must already be licensed in elementary education or hold a four-year degree from an accredited institution. It is anticipated that the majority of students in the program will be individuals currently employed in programs that provide education and care for young children and who are required to obtain additional ECE preparation to continue in their positions.

The proposed endorsement meets the accreditation standards set by the Oregon Teacher Standards and Practices Commission (TSPC). Commission review is scheduled for spring 1993. It is anticipated that the proposed program will meet TSPC standards.

Monitoring procedures for assessing the quality of the proposed ECE endorsement will include the following:

- Pre- and post-assessment of skills and knowledge required as outcomes of each course

- Continuous assessment of course mastery by a variety of methods, including portfolios, journal entries, demonstration of skills, and evaluation check sheets completed by practicum supervisors

- Student evaluations of faculty and courses
4. Adequacy of Resources to Offer the Program

Faculty. No new faculty or support staff will be needed as a result of the proposed endorsement. No shift in teaching assignments will be necessary. Faculty teaching the courses leading to the proposed endorsement are already on staff in the School of Education. ECE courses will be taught only in the summer and, therefore, will not interfere with current course assignments.

Library. During the past two years, the School of Education at Eastern Oregon State College has concentrated on updating and increasing library holdings in the area of early childhood education.

Facilities and Equipment. Current facilities for the program include classrooms in the School of Education and the Ackerman Laboratory School. Eastern Oregon State College is the grantee for the Union, Baker, and Wallowa Counties Head Start Programs. Union County's Head Start program is housed on the Eastern Oregon State College campus. These programs will provide a wealth of practicum opportunities for students working toward an ECE endorsement. Elementary schools in the ten-county area of eastern Oregon will provide another source of practicum opportunity. In addition, the Ackerman multi-age, nongraded, continuous enrollment, primary level program provides a quality practicum site in early childhood education.

Budget Impact. Because the courses in the proposed program will be offered during summer session on a self-support basis, there will be no additional costs for offering the proposed endorsement. No shifting or reallocation of resources will be necessary.
5. **Duplication**

Specialty ECE programs are available at several public and independent institutions offering preparation programs for elementary school teachers. These programs vary in content and level. Oregon State University and Portland State University have graduate level programs. Southern Oregon State College and Western Oregon State College have endorsement programs requiring both undergraduate and graduate coursework. Concordia, Linfield, and Warner Pacific Colleges have undergraduate programs.

Although the proposed program would be the fifth early childhood endorsement program within OSSHE and the third one offered at the graduate level, staff do not view establishment of this program as unnecessary program duplication. Approval of the proposed endorsement is justified by the following circumstances:

- Educational policy and recent legislation (state and federal) have created continuing and increasing demand for elementary teachers and child care providers with professional training in early childhood education;

- A substantial number of elementary schools, Head Start programs, and child care providers are located in the ten-county region served by Eastern Oregon State College;

- A substantial barrier to access is created by the geographic distance between existing ECE programs and the teachers and child care providers who need instruction and training in early childhood education in the region served by Eastern Oregon State College; and

- The proposed endorsement will not require expenditure of General Funds.
Program Review

The proposed graduate level program leading to an endorsement in early childhood education was positively reviewed by the Academic Council.

Staff Recommendation to the Board

Staff recommended the Board authorize Eastern Oregon State College to establish an instructional program leading to an endorsement in Early Childhood Education, effective summer of 1993, with a follow-up review of the program to be conducted by the State System Office of Academic Affairs during the 1997-98 academic year. The proposal should be placed on the consent agenda for final action at the June Board meeting.

Committee Discussion and Action

Provost James Hottois of Eastern Oregon State college indicated that one of the purposes of the request for the endorsement was to extend the capabilities of this specialization for already credentialed elementary teachers. The program will be offered only in the summer to make it most available for those who need it and also to permit use of existing faculty. A needs analysis conducted by the School of Education indicates that approximately 30 students are prepared to enroll in the program when it is approved.

In response to a question from Mr. Donahue regarding the effect of this endorsement on existing elementary teachers, Provost Hottois indicated that it would offer new opportunities for current elementary teachers. The education reform movement in K-12 has placed increased emphasis on early childhood education, and this endorsement will increase the potential for present teachers in programs like Head Start.

The Committee recommended the Board approve the staff recommendation.

Board Discussion and Action

Mr. Swanson moved and Mr. Dodson seconded a motion that the Board approve the Committee recommendation and place the item on the consent agenda for final
action at the June Board meeting. The following voted in favor: Directors Adams, Dodson, Donahue, Jackson, Miller, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

Background

On January 24, 1992, the Board of Higher Education reviewed and adopted an OSSHE Plan for Responding to the Joint Boards Interests in Teacher Education, HB 3565, and Measure 5. The plan addressed initiatives in two broad areas: curricular developments within the context of a higher level for student preparation for college work, and educator preparation programs to meet the goals of Oregon's educational reform plan. Six major components of the plan were approved. The centerpiece of the plan is the Board of Higher Education Grant Program for 21st Century Education Innovations.

On March 2, 1992, a Request for Proposals (RFP) was issued to all OSSHE campuses, seeking proposals to undertake needed initiatives among OSSHE campuses, school districts, and community colleges to address school reform, particularly related to curricular revision, sequencing, and integration. The purpose of the projects was to test the best new practices, policies, and procedures higher education is able to develop in partnership with the schools and then to implement them on a state-wide basis. An expectation in all the projects was to alter how we do business in the future; the funded projects were to provide the means for getting there.

Proposals were submitted in early May 1992. Subsequently, the Chancellor's Office, with the help of Department of Education staff, reviewed all proposals and selected the following nine for funding:

- "Preparing Teachers for Nongraded Primary Schools," Eastern Oregon State College
- "Curricular Articulation of Mathematics and Science Learning for the Allied Health Occupations," Oregon Health Sciences University
- "A Model Collaborative Health Occupations Curriculum," Oregon Institute of Technology
"Articulating a Balance Between College Preparation and Workforce Curriculum in the Certificate of Advanced Mastery (CAM)," Oregon State University

"Study of the Practices, Policies, and Student Outcomes of Applied Academics Programs in Oregon Middle and High Schools, Community Colleges, Four-Year Colleges and Universities," Oregon State University

"A Model Schools-Based Project for Implementation of HB 3565: Mathematics, Science, and Technology Learning and Curricular Implementation," Portland State University

"Commitment to Mastery: Recognizing Individual Differences, Performance Based Assessment, and Preparation for an Accelerated Baccalaureate," Southern Oregon State College

"Shared Perspectives Project: Creating a Dialogue on Standards for Education in Oregon Under the Program for 21st Century Education Innovations," University of Oregon

"Implications of Oregon's Curriculum Design for 21st Century Schools for the Preparation and Licensure of Elementary and Middle School Teachers," Western Oregon State College

Status Report

Projects initiated work in the summer or fall of 1992. Some projects are completed or near completion; most will be continuing activities through 1993. Progress reports have been scheduled for presentation to the Board according to the following timeline:

February 1993  University of Oregon
               Southern Oregon State College

April 1993     Portland State University
               Western Oregon State College
               Eastern Oregon State College

May 1993       Oregon Institute of Technology
               Oregon State University
June 1993 Oregon Health Sciences University

Project Reports

Three reports will be made to the Board at the May meeting. Brief descriptions of the projects follow. Representatives from each project will be present at the meeting to provide further elaboration.

A Model Collaborative Health Occupations Curriculum

Oregon Institute of Technology's "A Model Collaborative Health Occupations Curriculum" is addressing the problems of designing high school health occupations courses and allied health curriculums at the community college and higher education levels that assure maximum articulation. The project is building upon a foundation of established curricular relationships such as advanced placement courses and Oregon Institute of Technology's use of clinical sites in its allied health programs. The project is a collaborative effort involving health care professionals, community health care facilities, and local businesses, all working together with professionals from several levels of education to help create a model curriculum. The project's goal is to allow a very practical and relatively "seamless" transition, as called for in HB 3565, between selected high school courses and college programs of study in the health fields.

Beginning fall 1992, a Health Occupations I class was established. Using a combination of funds from the local school districts and Merle West Medical Center, a fully qualified health care professional was hired part time to teach the first class. The emphasis of this class has been experiential and exploratory. Each week students have a two-hour classroom session at Merle West, and a two-hour clinical session at a health care facility in the community where they observe and partake, first hand, in the duties of various health care providers. Eighteen clinical sites have been developed. This class has received highly positive evaluations from students, parents, school counselors, and curriculum directors.
The project's long-range goal is to develop a cluster of classes in health occupations that will lead to a Certificate of Advanced Mastery (CAM) when the Certificate of Initial Mastery (CIM) and CAM go into effect, which is targeted for 1997. With this in mind, in addition to Health Occupations I, an Introduction to Health Occupations and Health Occupations II have been developed for next year. Despite budget cuts, there has been full funding approval by the city/county school districts and Merle West for these classes for next year.

A variety of options are being developed for Health Occupations II. The first, in place for next year, is the Certified Nursing Assistant (CNA) option. The class has been approved by the Oregon State Board of Nursing and will meet the draft CNA competencies delineated by the State Board of Education. Planned future options include: Dental Assistant, Veterinary Assistant, and Emergency Medical Technician. These certificates provide one possible path towards articulation with college programs. The existing advanced placement courses provide another path.

Grant funds recently received from the Oregon Area Health Education Center (AHEC) will permit dissemination of information about these efforts through production of a professional videotape documenting student activities in the health occupations classes and their relationship to professional health fields. This tape will be used for recruitment of students, solicitation of further partnerships and financial support, public information, and accurate portrayal of the benefits of collaborative efforts in education.

A Study of the Practices, Policies, and Student Outcomes of Applied Academics Programs in Oregon Middle and High Schools, Community Colleges, Four-Year Colleges and Universities

Oregon State University's "A Study of the Practices, Policies, and Student Outcomes of Applied Academics Programs in Oregon Middle and High Schools, Community Colleges, Four-Year Colleges and Universities" is addressing the new curricula and instructional programs termed "applied academics" that have been introduced throughout Oregon
school systems. This research project is investigating whether various applied mathematics, science, and communication courses are appropriate preparation for modern high performance workplaces and/or college level mathematics, science, and communications courses. Additionally, the project is investigating student outcomes and performance standards for applied academic courses with respect to transferability to postsecondary institutions.

Major accomplishments to date have included: review of existing course materials for applied mathematics, science, and communication courses taught in Oregon; review of performance assessment instruments currently being used to assess the effectiveness of applied mathematics, science, and communication courses taught in Oregon; determination of where applied academic course are taught in Oregon middle schools, high schools, and four-year colleges and universities; determination of which applied academic courses are taught in the above-mentioned Oregon schools and school levels; and development and distribution of surveys. The following questions formed the surveys:

- What are the perceptions of applied academics learning strategies and curriculum materials by Oregon teachers, school administrators, and students?

- How are applied academic courses and/or learning materials used to meet middle and high school graduation requirements in Oregon?

- What was the preparation to teach applied academic courses and the area(s) of applied academic teacher certification(s)?

- What is the number of students who completed applied academic coursework at the secondary level during the 1991-92 school year, and who are currently enrolled in community colleges and four-year colleges and universities?

- Assess the readiness to enter postsecondary-level mathematics, science and communication level courses by students who have completed applied academic courses in mathematics, science, and communication.
• Assess the academic performance of postsecondary students who have completed applied academic courses in postsecondary mathematics, science, and communications.

• What are the recommendations current applied academic teachers would make for preparing future applied academic teachers?

• What are the applied academic teacher perceptions of the advantages and disadvantages of applied academic courses of study compared to traditional teaching and learning methodologies?

• What knowledge and skills taught in applied academic courses do applied academic teachers believe is not measured on, or by, standard achievement tests?

Preliminary investigation showed that applied academic courses, as defined by this project, are not offered at the middle school or four-year college and university levels in Oregon and, therefore, no surveys were developed for those school levels.

The secondary-level project surveys have been distributed to 65 administrators, 162 teachers, and 625 students at 55 different Oregon high schools. The sample was established using a list of applied academic programs, teachers, and schools offering applied academic programs that was provided by the Oregon Department of Education. To date, the return rates for the secondary-level surveys are: administrators 37 percent, teachers 22 percent, and students 52 percent.

Postsecondary-level project surveys have been distributed to 38 administrators, 110 teachers, and 360 students at 19 Oregon community college campuses (16 community colleges, plus 3 additional Portland Community College campuses including: Open Campus, Cascade Campus, and Sylvania Campus). To date, the return rates for the postsecondary-level surveys are: administrators 53 percent, teachers 1 percent, and students 23 percent.

The final product of this project will consist of analysis of the collected data; recommendations
whether secondary-level applied mathematics, science, and communication coursework is effective preparation for community college, four-year college, and university mathematics, science, and communication coursework, and/or the skills and knowledge needed in the workplace; recommendations for appropriate assessment strategies and/or instruments to predict potential success in postsecondary mathematics, science, and communication coursework; recommendations for requirements for applied academic teacher certification; and determination of the role of applied academics in meeting the goals set out by HB 3565, Oregon's Benchmarks, and SCANS.

Articulating A Balance Between College Preparation and Workforce Curriculum in the CAM

Oregon State University's "Articulating A Balance Between College Preparation and Workforce Curriculum in the CAM" is addressing the science and mathematics requirements in the Certificate of Advanced Mastery (CAM) in order to assure that all students have the opportunity to meet requirements for entry to college, professional/technical programs, or the workforce. The project builds on the work of the Science and Mathematics Task Force for the University of Oregon's "Shared Perspectives Project." As with that project, the primary goal of this project is to encourage the participation and collaboration of faculties and to encourage a broader audience of participants in the definition, planning and development of the CAM curriculum and corresponding changes in the college/university.

A panel composed of professors from physics, biology, chemistry, and mathematics from Oregon State University has joined two science and mathematics teachers in weekly discussions since January. Two questions focused the discussions: What science and mathematics outcomes are essential for all students regardless of their choice? What outcomes are important for students who intend to pursue science/mathematics majors in college?

In the deliberations, the panel reviewed HB 3565, the CIM and CAM task force reports, SCANS report, University of Oregon panel recommendations, national recommendations from the National Council
of Teachers of Mathematics (NCTM), Project 2061, and National Science Education standards currently in the development phase. Finally, the panel carefully considered Oregon's current curriculum guidelines for both mathematics and science.

The panel will summarize its discussions in a May 26 Ed-Net interactive teleconference, inviting science and mathematics faculties from precollege, community college, and college/university to join in the discussion. To initiate the discussion, the panel will present recommendations for student outcomes for mathematics and science to be met by the completion of the CAM. Following the presentation, the phone lines will be opened for questions and extended discussion.

A videotape of the teleconference will be available for future task forces and meetings to continue the discussions. A written summary of recommendations will also be generated and supplied to the CAM task force for future consideration.

Preliminary recommendations include:

1. The panel did not find requirements for the workforce and those for college entry to be different. All students need more mathematics and science regardless of choice of endorsement (CAM) or future direction.

2. More emphasis should be placed on process, decision-making, critical thinking, problem solving, and less emphasis on specific content.

3. Students should have experience in applying mathematical and scientific thinking and modeling to solve problems that arise in other disciplines as well as in the workforce.

4. Science curriculum should be integrated and inquiry-based, rather than segregated into traditional subjects such as biology, chemistry, and physics.

5. Mathematics curriculum should be integrated rather than segregated into traditional subjects such as algebra, geometry, and
trigonometry. Threads of problem-solving, communication, connections, and reasoning should be woven throughout the curriculum.

6. More emphasis should be placed on group learning and teamwork.

7. For mathematics, the NCTM standards provide a realistic framework for the mathematics curriculum. The panel prepared a recommendation of the outcomes for each of the standards that should be met by the CIM, by the CAM, and prior to entry to a science/mathematics-related college major.

8. Projects and portfolio methods of evaluation are needed for assessment of process outcomes as recommended and should not be eliminated because of difficulty in articulating student progress for college admission.

(No Board action required)

Staff Report to the Committee

In 1988 the Western Interstate Commission for Higher Education (WICHE) initiated a new undergraduate student exchange program called the Western Undergraduate Exchange (WUE). In 1989 the Oregon State Board of Higher Education approved a request for OSSHE institutions to begin participation in WUE.

The goals of WUE are to increase student access and choice while enhancing the efficient use of educational resources among the western states. The basic assumptions underlying WUE are (1) that most institutions have some programs that can accommodate additional students at little or no additional cost, and (2) that additional nonresident students can be attracted to those programs by offering a tuition discount. Institutions charge nonresident WUE students 150 percent of resident tuition if they apply and are admitted to one of those programs. WUE tuition is significantly less than out-of-state tuition at all participating institutions.

Institutions participating in WUE specify which programs are available to WUE students and admit
WUE students to those programs on a space available basis. Institutions are under no obligation to admit WUE students. The benefit to the institution is twofold: increased tuition revenue and a smoothing of enrollments across programs. The benefit to the state is efficient use of resources and increased access to a wide variety of programs in other states at reduced tuition.

WUE participation has increased dramatically over the four years of operation as reflected in the attached tables.

Board guidelines for Oregon participation in WUE require the following:

- A WUE program must be able to accommodate a limited number of additional students without requiring additional resources;
- WUE admissions must be on a space available basis and limited to the programs approved for WUE participation by the State System Office of Academic Affairs;
- Nonresident students previously or currently enrolled at OSSHE institutions will not be allowed to convert to WUE status;
- WUE students who change majors will lose their WUE status;
- WUE students enrolled in accordance with the above guidelines shall continue to be eligible for the WUE tuition rate for the duration of their undergraduate academic program even if that program is removed from the approved list;
- Institutions participating in WUE are required to provide an annual report to the State System Office of Academic Affairs reflecting the number of WUE students enrolled by program together with their state of origin.

During 1991-92, some members of the Academic Council and OSSHE Admissions Directors expressed concern at the increasing number of Oregon residents going to Idaho as WUE students. At that time, Idaho public institutions had the second lowest resident tuition in the nation, with the state
providing support for 90 percent of the cost of instruction at Idaho public colleges and universities. Since fall term 1991, WUE tuition at Idaho institutions has been lower than resident tuition at all OSSHE institutions. The concern was that Oregon could lose its brightest and best high school graduates to Idaho.

A review of the academic standing of Oregon high school graduates going to Idaho as WUE students in fall 1990 revealed that less than six percent were in the top ten percent of their high school graduating class. Similar data were not available for fall 1991 WUE students. Beginning fall 1992, WICHE is gathering data on WUE students that can be used to build a profile of the academic standing of all Oregonians going out of state under the program. The fall 1992 data will be available in late summer.

Last year members of the Idaho legislature became alarmed at the number of Oregonians and other nonresident students enrolling at Idaho institutions under WUE. The perception was that WUE students were crowding out Idaho residents. In 1992 the Idaho State Board of Education placed a 600 student limit on the number of WUE students that could be accepted at Idaho institutions. In fall 1992, the number of Oregonians enrolling at Idaho institutions under WUE declined by 19 percent. Montana, the second largest recipient of WUE students from Oregon, has now also placed a cap on the number of WUE enrollments at Montana institutions.

WUE has proven to be a very popular program with students and parents in all of the participating states. In this time of decreased state funding, rising tuition, reduced enrollments, and growing demand for higher education access, WUE provides Oregonians some reasonably priced alternatives. Programs currently available under WUE are listed in the WUE Bulletin on file in the State System Office of Academic Affairs.

Discussion by the Committee

Mr. Swanson asked Virginia Boushey, OSSHE's WICHE Certifying Officer, if states were concerned that they would lose students to another state or that
they would have to accept too many new students. Ms. Boushey indicated there is a tension between the perspective of the institution and perspective of a state system in some cases. For example, in Idaho, the Board foresaw a problem coming regarding enrollments from one perspective and the institutions from another. The institutions wanted to attract more students; the system wanted to limit enrollments. There are tensions that exist both within states and across states. However, the program continues to be successful.

(No Board action required)
Table I  
Program Participation

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<td>13</td>
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Table II  
WUE Enrollments in Oregon

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Table III
Oregonians Going Out of State Under Wue
(Two-year and Four-year institutions)

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<td>2</td>
<td>8</td>
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- Table IV

Western Undergraduate Exchange

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*Continuing students only; no first-year students*
Staff Report to the Committee

The present Financial Management System (FMS) used by the Oregon State System of Higher Education was installed in 1968. In the late 1980s, the State System began efforts to replace this system as part of an integrated information approach. Other components of this effort were the installation of the telecommunications network and telephone system, the implementation at seven colleges and universities of SCT Corporation's BANNER SIS (student information system), and the recent installation of the BANNER HRIS (human resource information system) payroll product to run the nurses' payroll at the University Hospital.

Efforts were made in the late 1980s to select and implement a financial information system (FIS). The BANNER FIS product was acquired. However, significant performance deficiencies caused the FIS/HRIS Steering Committee and the Administrative Council to defer implementing the product in favor of a strategy to improve the old FMS and wait until the BANNER software had matured.

The FIS/HRIS Steering Committee is comprised of the business affairs directors of all eight colleges and universities, the System Controller, the director of OSSHE's System Support Services Division, and two human resources directors (one from a college and one from a university). This group has met on a frequent basis since 1991 to determine the approach to be taken by the State System for both the financial and human resources automated systems, to determine how to change manual processes and procedures, and to advise on changes to state and System laws and rules.

In 1992, the Steering Committee determined which improvements should be made to the current FMS as a first step toward implementing a modern, on-line financial system. (FMS is a centralized batch system with limited on-line capability and long delays between the initiation of a transaction by staff of a college or university and the reporting of that transaction back to the initiator. KPMG Peat Marwick, in the administrative review of Oregon State University, noted that delays can be as long as 45 days from initiation to the receipt of a report that permits the initiator to see the
effect of the transaction.) These improvements will permit data entry to occur at the campus level rather than centrally, and will provide some on-line access to purchasing and selected other information. Some of the changes were made last year, with the bulk of the key modifications due to be made available to campus users this summer.

The Steering Committee always envisioned the improvements to the current system to be temporary "fixes" intended to accomplish three purposes: 1) to decentralize data entry to permit the person now filling out a paper form to key in the transaction directly; 2) to provide limited (but highly useful) information on-line; and 3) to provide end users with an introduction to working with real-time financial systems rather than just reading the reports.

Concurrent with the development of the system improvements, the Steering Committee was evaluating the BANNER financial information system software OSSHE had acquired. The Steering Committee sponsored a prototyping effort at the University of Oregon in which University and Chancellor's Office staff worked with SCT and a systems consultant to determine if the BANNER product had matured sufficiently to meet OSSHE needs.

The conclusion of the several-month effort was that BANNER met most OSSHE needs and that the performance problems that had haunted the software in 1990 and 1991 had largely been mastered by other users throughout the country. The prototype team recommended that OSSHE implement BANNER FIS.

The Steering Committee then considered FIS from two standpoints. First, would implementing the software permit the Chancellor's Office and the colleges and universities to redesign and re-engineer business activities and processes? Second, would the savings and other benefits of implementing BANNER FIS exceed the costs of doing so?

The Steering Committee concluded that implementing the software enabled the institutions and the Chancellor's Office to change many business processes and activities. In addition, they found that the costs of implementing and operating the
FIS were substantially less than the savings that the system and the re-engineered processes it permitted would bring. Finally, the Steering Committee determined that the new software was: more flexible than the current system; easier to adapt to meet changing needs; able to be managed and controlled in ways that would ensure the consistency and integrity of data; and provided by a vendor committed to supporting it for dozens of colleges and universities throughout the United States.

The Steering Committee presented the findings to the Administrative Council in April, with a recommendation that OSSHE proceed to implement a new financial information system. The Administrative Council concurred with that recommendation and adopted an implementation strategy that would see five instances of the software installed: one at each of the four universities and one to meet the needs of the four colleges and the Chancellor's Office. This was the least expensive approach from a development standpoint and offered a payback within five years, even if the system were financed. Although there would be five installations, there would be just one software and one financial information system. The Controller, in cooperation with the Steering Committee, would establish the rules and control the system and its software. Attachment I portrays the expected implementation sequence for the five sites.

Staff reported the Administrative Council's action to the Board Committee on Finance and Administration in April. The members of the committee had a number of questions, responses to which are included as Attachment II.

Attachment III depicts the costs and savings associated with implementing the system and portrays payback periods, debt service, operating costs, and ongoing savings, as well as development costs.

**Staff Recommendation to the Board**

Staff recommended the Board authorize staff to proceed with plans to implement the BANNER financial information system at five locations as a single system.
Discussion and Recommendation by the Committee

Vice Chancellor Ihrig opened the discussion by indicating that the questions the Committee had raised at the last meeting had been very helpful to staff in framing the discussion concerning the FIS.

Associate Vice Chancellor Pernsteiner provided a brief summary of the history of the development of the FIS, which began in 1986 and 1988 when the Board first authorized planning for implementation of various integrated systems. The piece of the system under present consideration is part of a much larger set of interlocking systems. An FIS Steering Committee, composed of representatives of each of the campuses, have been supportive of the development of the system as a way of delivering better and more efficient services.

Ms. Sherri McDowell, director of Business Affairs at the University of Oregon, has been involved in development of the prototype system. The objectives of the prototype have been to confirm that the software would meet functional requirements, determine if the product could perform adequately from a technical perspective and, finally, to determine what the cost would be to implement and maintain the FIS and what savings and benefits might accrue as a result of implementation of the BANNER FIS.

Mr. Ihrig reminded the Committee that one of the primary reasons for developing a prototype was to determine if cost estimates were realistic and to determine what additional capacity was needed on the computers on each of the campuses.

Ms. Wilson asked when the last site, Oregon Health Sciences University, would go on line, and Mr. Ihrig indicated it would be 1996. Ms. Wilson asked if there was any reasonable possibility that the date could be moved forward, given the priority of getting the system up to begin to see cost-savings through reduction of staff. Mr. Pernsteiner indicated that the 1993-1995 budget already reflects reduction of more than 30 positions in the Chancellor's Office, most of which are in Corvallis and associated with current FIS improvements.
In response to whether the FIS could be implemented earlier, Mr. Pernsteiner indicated that care had to be exercised in moving too quickly and not doing things correctly.

Mr. Miller expressed concern about three issues. One was a recommendation that any financial contracts regarding the FIS include a "not to exceed" clause. The second concern related to the total cost of implementation of the FIS. His concern, as a Board member, is that he does not yet have a solid answer to the question, "what will it cost?" Mr. Pernsteiner indicated that discussions of cost have included the present cost of $17 million for the first segment during this biennium and that next biennium another major component will need to be funded for the Human Resource Information System.

The Chancellor indicated that he talked about the system as having two major components and that the orders of magnitude of them are not going to be substantially different.

Mr. Miller expressed concern about the aborted SCT BANNER System and indicated he did not have much faith in their system working this time. He questioned the rationale for going back to a company that had not performed before. Mr. Pernsteiner indicated that part of the original problem had been that the system was not mature and questions to people around the country who had installed the program indicated that it is now working. Continuing, Mr. Pernsteiner reminded the Committee that the purpose of developing a prototype was to work out some of the performance problems.

Mr. Pernsteiner indicated that he would work with the Department of Justice to determine what terms could be put into the contract that would hold the firm accountable.

Ms. Jackson questioned the advisability of a five-site configuration for the FIS instead of an eight-site model if the cost were only about $1.7 million more for more sites. She indicated a preference for each institution being considered a site. Mr. Pernsteiner indicated there were three reasons for the proposed configuration: first was the additional cost; second, colleges, by and
large, don't have the fairly large technical staffs to support the system; and, third, as the system grows and is modified, the colleges might not have the independent capability to continue to install changes and enhancements.

Ms. Jackson questioned the expenditure of approximately $6 million on consulting fees and questioned whether this could be done by individuals within the System. Mr. Pernsteiner indicated that the capability did not reside within the System and it was important to have outside consultants who could keep an eye on the development of the system and the accompanying training.

Ms. Wilson proposed that the staff recommendation be amended to include:

The Board wants the Chancellor's Office to be able to provide financial information regarding the institutions in the State System that is common, consistent, timely, and accurate. Toward that end, the Board directs the Vice Chancellor for Finance and Administration or designee to take appropriate actions, including ownership of the software license, control of software and accounting rules and structures, to ensure the intent of the Board; and to report the results of such actions when developed.

The Committee recommended the Board approve the staff recommendation with the amendment.

Board Discussion and Action

Mr. Dodson congratulated Ms. Wilson and her Committee for making the questions and answers available to the whole Board. He asked if the State System had made a cash outlay for the BANNER FIS product and, if so, what adjustments were made when the system did not meet expectations.

Mr. Pernsteiner responded that no adjustments had been made either by SCT for software or the Bull Company for the hardware. However, as reflected in the discussion of the Committee, the Chancellor's Office has been directed to work with the Depart-
ment of Justice to assure there is language in the contract to hold the company accountable.

Ms. Wilson moved and Mr. Adams seconded the motion to approve the Committee recommendation. The following voted in favor: Directors Adams, Dodson, Donahue, Jackson, Miller, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.
ATTACHMENT I

FIS IMPLEMENTATION SEQUENCE

Site 0  • Develop/establish rules, policies, validation tables, central reporting framework, software management mechanisms, and audit plan

Site 1  • University of Oregon
  • Develop chart of accounts and structure for fund and program codes
  • Develop linkage methodology to organization codes
  • Build interfaces to current budget/personnel/payroll system

Site 2  • Portland State University

Site 3  • Oregon State University or fifth site

Site 4  • Oregon State University or fifth site

Site 5  • Oregon Health Sciences University
ATTACHMENT II

RESPONSES TO FINANCE & ADMINISTRATION COMMITTEE
QUESTIONS OF APRIL 23, 1993

1. Who, on the technical side, agrees with this approach?

This project included participation by a number of technical staff, particularly at the University of Oregon. The chief evaluator on the technical side was Joanne Hugi, Director of Computer Services at the University of Oregon. David Smith, Manager of Application Systems at Systems Support Services in Corvallis, participated in the technical evaluation. Ron Wills, the director of Portland State University's computer center, also provided comments and counsel. The consultants from the Information Technology Group were also involved. Other staff from the University of Oregon Computing Center were intimately involved, as well. Finally, cost estimates and sizing forecasts were made by the computer center directors at all campuses -- most of whom work daily with the companion software product to the BANNER FIS, the student information system (BANNER SIS).

In addition, technical staff at 14 FIS installations at colleges and universities around the country were interviewed extensively by Dave Smith and the ITG consultants. All technical staff involved in the project supported the decision. They understand both the advantages and pitfalls of the product and have concluded that the shortcomings can be overcome.

2. How will this project avoid the mistakes of past efforts?

This question probably refers to the Total Information System project launched in the mid-1980s. That effort included the integration of the telephone system, student information, financial information, and human resource information. It had limited success. The telephone system has been operational for the past few years and provides the data network that will be used by this new system.

The Student Information System has been implemented at seven of the colleges and universities. However, it does not provide consistent information since each installation has been able to alter the software independently and key table data are not uniform among campuses.

The main concept of the Total Information System was the integration of information from the student, financial, and human resource systems in one large central data base. The
hardware platform chosen for this task (Bull) was not supported by the software vendor (SCT). Further, a major centralized system was not embraced by administrators at the colleges and universities. Finally, the perception was that TIS was the Chancellor's Office's system and not one that was desired by any of the colleges and universities.

This project will take advantage of the network provided by the telephone system. Further, it will utilize the financial offering from the software family selected under the TIS effort (SCT's BANNER family of products). (The Student Information System used by seven of the colleges and universities is another member of that family.)

However, the project will continue to be managed by the FIS Steering Committee, which is comprised of the business affairs directors of all eight colleges and universities and the OSSHE Controller and Director of Systems Support Services. They, in turn, will report to the Administrative Council (the deans and vice presidents of administration). This should help gain acceptance for the effort, resulting in an OSSHE system rather than a Chancellor's Office system or separate institution systems.

The system will be installed as nine separate data base instances, one at each of the universities and five at the fifth site (one for each college and one for the Chancellor's Office/OSSHE). It will not be operated in a centralized model.

To avoid the problem of data inconsistency that characterizes student information, the data definitions, source code, rules, and validation tables comprising the Financial Information System will be controlled and managed centrally. The FIS Steering Committee will oversee this control process.

3. **Does the project involve installing software only?**

No. The project involves the acquisition of hardware, the installation of software, the use of consultant services for installation and re-engineering, vendor-provided training for users, and staffing for implementation and for back-filling for key personnel who must help in the implementation.

4. **What provisions have been made for training?**

The software developer/vendor, SCT, will provide hands-on training to end users on every campus as part of implementation. This more intensive training effort is unlike the approach taken for the implementation of the Student Informa-
tion System, in which the vendor's training staff trained college and university staff to be trainers of end users. The use of our staff as trainers will be the case only with regard to training some end users who will use the system on an infrequent basis.

5. **Who would be the lowest common denominator?**

The least technically sophisticated user is likely to be the clerical assistant in an academic department. Staff from such departments were involved in the University of Oregon prototype and, with proper training, became adept and enthusiastic users of the system.

6. **Is the system user-friendly?**

No system is as easy to use as users would hope. This is particularly true for infrequent users (i.e., those who use a system or transaction type only occasionally). However, care is being taken to make the system as user-friendly as possible. First, SCT will provide direct training to end users at all campuses. Second, it is anticipated that all five sites will provide menu driven systems, user prompts, and help keys that will step users through the transactions they are most likely to use. Third, technical staff associated with each site will be trained in reporting tools to help extract data for end users who cannot do so themselves. Fourth, customer services staff/user support analysts will be available for consultation at all five sites and at some of the colleges. Finally, user documentation developed for the first implementation will be made available to every campus.

The key to user friendliness is effective training -- initially and recurring -- to assist users in making the transition from paper processes to electronic, real-time processes. Such training is especially important since we will also be re-engineering the financial process to reduce costs.

7. **How will the system be customized to meet our needs?**

The vendor (SCT) will provide programming support during the implementation. This will include some level of OSSHE-specific customization and, hopefully, some amount of changes to the basic product that will be made available to all users of the software nationwide. Further, much of the core system need not be changed. Instead, OSSHE will be able to customize reports using the data resident in the data bases. This will not change the base software, the integrity of which will be controlled and managed centrally. The intent is to minimize
change to the baseline software, even to the extent of modifying how we do things instead of modifying the software.

8. Cost

The development costs of the system are estimated to be between $17.2 million and $19.1 million. The former figure is for the five-site installation favored by the Administrative Council (i.e., the system will run at each of the four universities and at a fifth site serving the colleges and the Chancellor's Office).

The following ranges of development costs (in 1993 dollars) are expected:

a. Software $ 1,700,000 to $ 2,000,000
b. Hardware/Data Comm $ 6,450,000 to $ 8,000,000
c. Personnel $ 1,400,000
d. SCT Training/Consult $ 1,650,000
e. Re-engineering Consult $ 2,200,000
f. Other Consulting $ 2,100,000
g. Other costs $ 400,000
h. Contingency $ 1,000,000
i. Prototype $ 300,000

Inflation during the implementation phase can be expected to raise the cost by more than $800,000.

The operating costs of the system, once it has been installed fully at all five sites, are estimated to be $3,685,000 per year (in January 1993 dollars).

9. What would be the cost of installing the system at all eight campuses and in the Chancellor's Office rather than in a five-site configuration?

This option was investigated as the "nine-site" model. The development costs were estimated to be $18.9 million (instead of $17.2 million for the five-site model), and operating costs were estimated to be $4.1 million (instead of $3.7 million). Savings were estimated to be $300,000 per year higher under this option, because the Chancellor's Office would be able to save the cost of the fifth site. The net payback period without debt service was anticipated to be 4.1 years, while that with debt service climbed to 7.6 years.

10. What are the savings? What are the assumptions about payback?

The colleges and universities made assumptions about the savings they might be able to generate if they were able to utilize this system and could use it to help them re-engineer
Computers now need to access the current system. However, the network will be retained, as will the personnel, system have been replaced or have migrated from the old system. The accounting budget/persomal payroll system and the call management system will be retained. Neither will the multi-transparent software. None of the current financial management system software will be retained?

II. How much of the current system will be retained?

...the OS/2 data network.

The wholesale failure of the IBM network is too key to handle automatically backed-up procedures will not work. Therefore, only autonomous back-up procedures will be used. The network, therefore, only circuits from the IBM that think all computers are interconnected. It should be noted that the T-1 or T-3 communications... such a plan, at least for that site...

III. What plans are being made for back-up?

...down, it does not automatically drop down all the others. All single colleges and universities will operate on separate university data processing managers indicate that these systems are...
13. Where will memory reside?

Each installation will maintain its own records and archives. Summary level information will be maintained by the Controller for all eight colleges and universities.

14. What will be the method of data transfer?

Data will be transferred via the TCP/IP file transfer protocol (FTP) using the telecommunications network installed as part of the telephone project.

15. What other systems remain to be implemented once the Financial Information System is installed?

There are additional FIS modules not included in the initial implementation -- cost accounting and fixed assets. They may be implemented later.

The last system envisioned for administration is the Human Resource Information System. OSSHE owns the BANNER software product for this system, too. In April the University Hospital began running the nurses' payroll using that product.

It is expected that an investigation similar to that used for FIS, involving all eight colleges and universities and the Chancellor's Office, will be launched this year to look at HRIS. Oregon State University has prepared its requirements to use as a starting point, along with the Oregon Health Sciences University experience.

It can be anticipated that the costs and savings associated with HRIS could be about two-thirds of those associated with FIS. These figures are extremely preliminary and will be further refined as more work is done. HRIS implementation, except on a pilot basis, is not expected before the 1995-1997 biennium unless additional staffing/funding/consultant assistance can be found.

As noted earlier, the Call Accounting System also will have to be migrated from the Bull mainframe in order for that hardware platform to be surplused. Efforts also must be made to try to gain greater information consistency among the independent campus-based student information systems and OSSHE student data analysis and reporting efforts.
16. How does this system relate to the recommendations of the BARC and ARC processes for the Chancellor's Office and Oregon State University?

This system (along with HRIS) is the cornerstone for implementing the recommendations made by KPMG Peat Marwick in the reports on Oregon State University and the Chancellor's Office. These systems are necessary in order to permit the re-engineering envisioned as necessary to achieve the savings estimated by the consultant.

The approach to permit much of the processing of financial transactions to occur at the universities also helps fulfill the recommendation that the Chancellor's Office devote less of its resources to processes. The largest pieces of the current operating budget of the Chancellor's Office are devoted to the care and feeding of our current centralized financial and human resource systems.
ATTACHMENT III

OSSHE FINANCIAL INFORMATION SYSTEM

The cost of developing the Financial Information System (FIS), excluding costs incurred during the prototype and without adding inflation from 1993, is estimated at just over $17 million in the five-site model. The payback period, if the system were paid for in cash, would be about 3.7 years from the date of final implementation. If the hardware and software associated with the system were paid from Certificates of Participation and the debt service added to operating costs, the payback period would increase to 5.9 years.

Inflation might be expected to add at least $800,000 to costs over the life of the development.

Table A depicts development costs. Table B shows annual costs and savings after implementation.
### TABLE A

**OSSHE FINANCIAL SYSTEM**  
**ESTIMATED DEVELOPMENT COSTS**  
(5-site model)

($ in thousands)

<table>
<thead>
<tr>
<th>Category</th>
<th>91-93</th>
<th>93-95</th>
<th>95-97</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Consultant</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Prototype</td>
<td>$300</td>
<td>$---</td>
<td>$---</td>
<td>$300</td>
</tr>
<tr>
<td>b. Training</td>
<td>---</td>
<td>*</td>
<td>*</td>
<td>*</td>
</tr>
<tr>
<td>c. Procurement/</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Installation</td>
<td>---</td>
<td>1,700</td>
<td>400</td>
<td>2,100</td>
</tr>
<tr>
<td>d. Process Re-engr</td>
<td>---</td>
<td>1,700</td>
<td>500</td>
<td>2,200</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$300</td>
<td>$3,400</td>
<td>$900</td>
<td>$4,600</td>
</tr>
<tr>
<td>2. Hardware</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$---</td>
<td>$5,550</td>
<td>$300</td>
<td>$5,850</td>
</tr>
<tr>
<td>3. Software, Licenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&amp; Vendor Trng$</td>
<td>---</td>
<td>$3,050</td>
<td>$300</td>
<td>$3,350</td>
</tr>
<tr>
<td>4. Network/Data</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comm</td>
<td>$---</td>
<td>$600</td>
<td>$---</td>
<td>$600</td>
</tr>
<tr>
<td>5. Parallel/Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$---</td>
<td>$1,300</td>
<td>$100</td>
<td>$1,400</td>
</tr>
<tr>
<td>6. Other &amp; Contin.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$---</td>
<td>$300</td>
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</tr>
<tr>
<td>Total</td>
<td>$300</td>
<td>$14,200</td>
<td>$2,700</td>
<td>$17,200</td>
</tr>
</tbody>
</table>

*Included in Software, Licenses and Vendor Training

Based on five site implementations in 1994, 1995 and 1996.

Does not include inflation from 1993 dollars.

The 1993-1995 Proposed Budget approved by Senate Ways and Means includes $9,551,000 of cash from Certificates of Participation (COPs) to help finance this project. The balance of costs in that biennium would come from savings/cash generated within the State System in 1993-1995. Debt service on the COPs would be about $3.7 million per biennium.

Note: Excludes HRIS.
### TABLE B

**OSSHE FINANCIAL INFORMATION SYSTEM**

**ESTIMATED ANNUAL COSTS AND SAVINGS**

(5-site model)

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Costs</td>
<td>$17.2 million*</td>
</tr>
<tr>
<td>Annual Operating Costs</td>
<td>$3.7 million</td>
</tr>
<tr>
<td>Annual Savings</td>
<td>$8.4 million</td>
</tr>
<tr>
<td>Annual Net Savings</td>
<td>$4.7 million</td>
</tr>
<tr>
<td>Years to Break Even</td>
<td>3.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Operating Costs with COP Debt Service</td>
<td>$5.5 million</td>
</tr>
<tr>
<td>Annual Savings</td>
<td>$8.4 million</td>
</tr>
<tr>
<td>Annual Net Savings</td>
<td>$2.9 million</td>
</tr>
<tr>
<td>Years to Break Even</td>
<td>5.9</td>
</tr>
</tbody>
</table>

Staff Report to the Committee

University of Oregon officials have forwarded to the Office of Finance and Administration an option for the purchase of the Ranier Building at 1144 Walnut Street in Eugene. The property, owned by Royal Arms Investments, is located approximately four blocks from the main campus in the vicinity of the new Riverfront Building. The option price of $485,000 was established by an appraisal and is less than both the asking price of $510,000 and the tax appraised value of $561,700. The property has a total area of approximately 18,393 square feet of land (about .422 acres). Of this area, 65 percent (11,955 square feet) is parking, with the balance (6,438 square feet) used for a two-story office building.

The property is zoned commercial and includes an 11,600-square-foot, two-story office building. The University's Telecommunications Department is one of the tenants, occupying slightly over one-third of the building. The building will be used by the University to house the Telecommunications Department and, to a lesser degree, other University departments as space now leased to other commercial enterprises becomes available.

An asbestos inspection determined that a small area of flooring may need to be replaced at an estimated cost of $4,500. Phase I and Phase II environmental inspections were also made of the property and building. As a result of these inspections, it has been determined that there are no known hazardous materials existing on the property except for the asbestos.

Funds required for the purchase of the property and related costs are to be provided from an advance from the University parking debt service reserve. The advance, less that portion directly applicable to parking ($80,000), will be repaid from rents charged to the building tenants. The property would be purchased under authority of Chapter 647, Oregon Laws 1991, Section 2(2)(d), Communications Services Building.
Staff Recommendation to the Board

Staff recommended the Board authorize the Office of Finance and Administration to purchase the Ranier Building at 1144 Walnut Street for the option price of $485,000.

Discussion and Recommendation by the Committee

The Committee recommended the Board approve the staff recommendation.

Board Discussion and Action

Ms. Wilson moved and Mr. Swanson seconded the motion for the Board to approve the recommendation of the Committee. The following voted in favor: Directors Adams, Dodson, Donahue, Jackson, Miller, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

Background

At the June 26, 1992, meeting, the Board adopted a set of policies related to tuition. One of those policies stated that "the Board should charge an instruction fee equal to the cost of instruction to Oregon residents who have earned more than 32 credits above the amount required for a baccalaureate in their programs of study (with appropriate exceptions and waivers to be developed for students with double or triple majors, those pursuing second baccalaureates in accordance with current Board policy, and certain transfer students)." The intent of this policy is to encourage students to complete their degrees and make room for additional students.

A subcommittee of the Interinstitutional Fee Committee analyzed the policy for implementation. After examining the issues related to it, the subcommittee recommends that the credit hour threshold be raised to 48 credit hours and that there be no exceptions or waivers.

The number of credit hours required for a baccalaureate degree varies between institutions and programs but is in the range of 186 to 205 credits for a four-year program and up to 231 credits for a five-year program. A sampling of three institu-
tions -- the University of Oregon, Portland State University, and Western Oregon State College -- indicates that a 48-credit-hour threshold would initially affect between 0.6 percent and 1.4 percent of the resident undergraduate students.

During a period in which administration costs are being reduced, raising the threshold from 32 to 48 credits and eliminating exceptions and waivers make this policy relatively efficient to administer. Raising the threshold to 48 credits will help address concerns about exceptions for double majors, students changing majors, transfer students, and others. An analysis of earned and accepted credit hours and a reassignment of student classifications directed to a different fee table are basically all that is required to administer this policy. If exceptions and waivers are granted, the amount of additional "hands-on" staff time increases considerably.

Implementation Criteria

The following are the criteria recommended for implementing this policy:

The policy will apply to Oregon undergraduate residents who have not yet been granted a baccalaureate degree and who have accumulated at least 48 credit hours beyond their specific baccalaureate degree requirement. The credit hour threshold will pertain to total earned credit hours, including all transfer credit hours accepted. Students affected by this policy will pay the equivalent of nonresident fees beginning the term after the threshold is exceeded and subject to the institution's part-time fee policy. There will be no exceptions prescribed for this policy. The policy will be effective no later than fall term 1994.

The following is an explanation of each of the criteria noted numerically above.

1. This policy is directed at resident undergraduates who have not yet earned a baccalaureate degree. The policy defines the State of Oregon's responsibility to assist students in completing their first baccalaureate degree,
but not an obligation to subsidize an unlimited number of credit hours in achieving that degree.

2. This policy specifies a 48-credit-hour threshold that should accommodate most students who might change majors or take a double major; it should also reduce the significant costs involved with administering various exceptions. The threshold allowed under this policy is in addition to the total credit hours of the student's specific degree requirement, regardless of the total credit hours of a given program.

3. Total earned credit hours are defined as all credit hours earned at the student's degree granting institution and accepted in transfer. Basing the threshold on total earned credit hours focuses the policy on students who take excessive elective and other non-required courses without completing their degrees.

4. The policy directs that students who exceed the credit hour threshold pay the "full cost of instruction," the level of tuition assessed nonresident students. Since the students defined by this policy are Oregon residents, a new fee classification will be created, such as "Resident Exceeding Threshold." Students so classified would pay fees equal to those of a nonresident.

5. Because of the sequences of registration and billing, it is recommended the policy take effect the term after a student has exceeded the threshold.

6. Rather than disrupt the basic part-time fee policy used by each institution to address a small percentage of students, it is recommended that the prevailing part-time fee policy be extended to students under this policy. The University of Oregon and Oregon State University are the only institutions that have resident/nonresident differentials for part-time students and that assess fees based on student level. The other institutions have no differentials for one through
seven credit hours, and they assess fees at resident rates based on course level. This may have the effect of causing some students targeted by this policy to reduce their hours to part-time in order to pay lower rates. This will partially accomplish the purpose of the policy by taking these students out of classes for which they might otherwise have enrolled, thereby freeing up space for other students.

7. Offering no exceptions to this policy will enable efficient administration at a minimum cost. As exceptions are added, staff time for analysis, monitoring, and evaluation increases considerably. As noted earlier, a 48-credit-hour threshold minimizes the need for exceptions since most students who might change majors or pursue double majors could do so within the threshold. In addition, the Board's post-baccalaureate policy permits students who are rigorously pursuing an additional baccalaureate degree to continue to do so.

8. Some lead time will be required to implement this policy. Institutions will be expected to provide suitable notice to students and begin assessing fees under this policy at their earliest opportunity, but no later than fall term 1994.

Conclusion

Staff believes the revised implementation criteria will satisfy the intent of the original policy by targeting students who continue to enroll while not rigorously pursuing a degree. At the same time, the higher threshold should accommodate the needs of students who otherwise might have required an exception under the original policy. The revised policy should enable administration without adding significant costs. The implementation date of fall term 1994 will allow most of those students in the pipeline sufficient lead time to make necessary adjustments to their schedules. It will also allow the institutions to inform incoming students of the change and to make necessary administrative system changes to implement the policy.
Follow-up

This revised policy will be included in the Academic Year Fee Book for 1993-94, which will be submitted to the Board in July.

Two hearings will be conducted on the Fee Book before it is presented to the Board for consideration. The first hearing will be on June 2, 1993 (before school is out) to receive testimony on fee policies, including this one, as well as instruction fees. A second hearing will be scheduled for mid-July for Incidental fees, Health Service fees, and Housing fees. The institutions, which recommend the latter fees, must complete their on-campus deliberations before making recommendations.

Discussion by the Committee

Ms. Wilson reminded the Committee that the issue being considered is how to encourage students to complete school more quickly to make room for other students. She remarked that the information provided indicated that setting the credit hour threshold limit at 48 hours would affect approximately 342 out of 60,000 students. Her observation was that this was not a very significant impact.

Originally, the Tuition Committee had considered the limit to be at 32 or 36 credit hours. However, that would require too many exceptions and would make administration of the policy more difficult and costly to administer.

Mr. Miller, Ms. Jackson, and Ms. Wilson agreed that the policy as written would not have much impact on encouraging students to complete their programs earlier. President Brand observed that the principle was right: "We have to find a way to move the students on who have been taking advantage of the system and, therefore, keeping others out. But I'm not sure that this particular approach, weighing the costs and benefits, is the right one yet."

Mr. Miller remarked that what was of interest to him was a reward and punishment system. "In a sense, this is the punishment way of getting students out who are taking their time completing their degree. What is of more interest to me is to
reward students by making it cheaper to get through more quickly. The reason it would work for us is that it would be cheaper for us, as well."

Mr. Ihrig responded that another approach is to guarantee a student a certain tuition level at the time of admission and then increase it once they had hit the established limit. "The problems arise then for a student who legitimately wants to stop out for international traveling or work experience or some other reason. Although a creative solution, it draws right into the conflict with various educational models. Also, it would hurt part-time students like those at Portland State University."

Ms. Wilson and Ms. Jackson agreed that the proposed policy only addresses students on the margin and that the staff analysis had been helpful in seeing that. However, they indicated it might be wise to table the item for further study.

Vice Chancellor Larry Large reminded the Committee that several legislators were aware of the proposal and they would not forget the Board's commitment to finding a solution. He suggested implementing the policy and re-evaluating it at a two- or six-month interval.

Ms. Wilson responded that she would be uncomfortable with that approach and preferred to study the issues further and, perhaps, explore other options. Ms. Jackson indicated that the goal of the Tuition Committee had been to prevent the student who is not motivated and is getting full support from the state from "staying around."

Ms. Wilson suggested that the Committee agree that the policy under consideration does not address the objectives of the Tuition Committee. In weighing the pluses and minuses of the proposal, the Committee has requested that staff examine the policy and return to the Board in July with additional creative solutions.

The Committee agreed to table a decision on the policy until the July Board meeting.
Board Discussion

The Board agreed with the Committee recommendation to table approval of the proposed policy.

(No Board action required)

Staff Report to the Committee

The Internal Audit Division's Quarterly Audit Report: January, February, March 1993, summariz- ing audit activity from January 1 through March 31, and the status of the 1992-93 Annual Audit Plan, is submitted to the Chancellor, members of the Board, and to the State of Oregon Executive Department as required by Executive Department Administrative Rule 15-001-03.

Discussion by the Committee

Mr. Adams asked Mr. Hughes, director of Internal Audit, for an explanation of what areas would benefit from a review for which there are not funds. Through further discussion, it was made clear that the items had been identified in the Annual Report and the Committee is aware of these and is monitoring them.

Ms. Wilson asked for clarification of the Cost Reduction Proposal for Inventory of Equipment and whether a new system would save money. Mr. Hughes responded that the campuses are evaluating the proposal and indicated how they want to proceed. Another dimension of the inventory is use of a bar code system that is being implemented by a few of the major universities. Oregon State University and Oregon Health Sciences are promoting it, and there is a possibility that it will be implemented by the System as a whole. The up-front costs of this system are expensive, but there is a potential for future savings.

(No Board action required)

Staff Report to the Committee

The investment report of the Oregon State System of Higher Education's Pooled Endowment Fund for the quarter ending March 31, 1993, follows. The following is a report from the Common Fund on the
market values and performance results of the System's investment accounts.

Report on Market Values and Performance Results

South Africa-Free Equity Fund ($35.6 million market value): After suffering from returns in international markets that lagged behind the U.S. market over the past two years, the fund benefited from a strong quarter for non-U.S. stocks that did significantly better than domestic stocks. Because the Common Fund's international equity managers continue to be underweighted in Japan, they did not reap the entire benefit of the Japanese government's efforts to bolster stock prices in Tokyo. Nonetheless, the 8.8 percent return achieved by the international segment added significantly to returns. Domestically, value helped returns while growth was a modest drag. The tilt towards smaller capitalization companies inherent in a South Africa-Free strategy also helped.

Bond Fund ($21.0 million market value): For some time, fixed income returns in the U.S. have been well ahead of those in other major markets. During the past quarter, that situation changed as the global bond segment of the fund matched the return of the domestic managers. The first two months of the year saw a significant drop in long bond rates followed by a reversal in the first part of March and then a reversion to February month-end levels at the end of the quarter. Overseas, the Bundesbank eased monetary restraint modestly. Despite fears of renewed inflation, further cuts in German interest rates seem likely to offset the impact of their current recession.

Real Estate ($5 million committed): The appraisal of all the properties held by Endowment Realty Investors on December 31, 1992, has been completed. The trust showed capital depreciation of 8.4 percent during the year that, when coupled with income of 5.2 percent, resulted in a total return of -3.2 percent for 1992. This compares favorably to the performance of the real estate indices maintained by Institutional Property Consultants and Frank Russell/NCREIF, which had total returns of -4.8 percent and -5.0 percent, respectively. The market value of the System's paid-in investment of $4,190,000 is $3,817,090. The Common Fund
continues to evaluate proposed purchases carefully, seeking those with the most attractive return potential. During the current quarter, they expect to close on two properties, an apartment complex in Raleigh, North Carolina and an industrial park outside Chicago. Once these two transactions close, the Real Estate Investment Trust will be approximately 90 percent invested.

Anticipated yields are 9.0 percent on both properties, in line with current market levels. The higher yields the Common Fund has been able to obtain from recent purchases mean that the amount of income distributions will be higher in 1993 than in prior years. The market value decline was concentrated in two office buildings, one in Los Angeles and the other in Washington. The Common Fund is taking steps to stabilize both properties and to insure that expiring leases are rolled over. The remaining properties showed a slight net capital appreciation.

Endowment Venture Partners ($1 million committed): This fund is now fully committed to 14 top-tier venture capital partnerships. Draw-downs of the System's commitment will continue over the next several years as Common Fund managers invest the funds committed to them. The fund is ahead of original expectations with an internal rate of return of 6.6 percent since inception. Two companies in manager portfolios have had initial public offerings, resulting in a return of capital to investors. The System received $8,225 from these transactions.

The Common Fund launched a second venture capital partnership during the quarter. It has been well received, and the first closing will occur at the end of April.

Endowment Partners Fund I ($1 million committed): The private equity investing environment continues to be attractive. Divestiture activity is increasing, and the availability of financing for acquisitions has led to an attractive flow of opportunities for fund managers. Two additional companies were added to the managers' portfolios during the quarter.

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Endowment Energy Partners I ($1 million committed): Oil and natural gas prices remained strong during the quarter, and the fund continues to do well. Development programs undertaken by several operators have been successfully completed, and cash flow is above projections for most projects. The assets of one of two problem loans have been transferred to one of the Common Fund's most capable operators. Foreclosure of the second loan and replacement of the present operator will be completed shortly.

(No Board action required)
## OREGON STATE SYSTEM OF HIGHER EDUCATION

### Pooled Endowment Fund Investment Performance

**Periods Ending 03-31-93**  
*(Based on Total Return)*

<table>
<thead>
<tr>
<th></th>
<th>CURRENT QTR</th>
<th>FISCAL YTD</th>
<th>1 YEAR</th>
<th>3 YEARS</th>
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<tr>
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<td></td>
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<tr>
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<td>5.2%</td>
<td>12.8%</td>
<td>13.4%</td>
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<th><strong>OSSHE—STOCKS/BONDS COMBINED</strong></th>
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<tr>
<td></td>
<td>5.8%</td>
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<tr>
<td>40% SHEARSON/LEHMAN (CORP &amp; GOVT)</td>
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**Note:** All amounts are net of investment charges.
OREGON STATE SYSTEM OF HIGHER EDUCATION
Pooled Endowment Fund
Market Value

|                                | Market 7-01-92 | Market 03-31-93 |
|                                |                |                |
| TOTAL ENDOWMENT                | 57,998,517     | 63,119,542     |
| EQUITY INVESTMENTS             |                |                |
| Common Fund, So Africa Free Equity | 32,208,655  | 35,587,269     |
| FIXED INVESTMENTS              |                |                |
| Common Fund, The Bond Fund     | 19,872,960     | 20,989,406     |
| OTHER INVESTMENTS              |                |                |
| Real Estate Investment Trust   | 4,030,780      | 4,030,780      |
| Endowment Energy Partners      | 1,000,000      | 1,033,000      |
| Venture Capital Fund           | 626,000        | 726,000        |
| Venture Partners               | 200,000        | 399,436        |
| Cash                           | 60,122         | 353,653        |
| TOTAL OTHER                    | 5,916,902      | 6,542,669      |
Executive Summary

Professor Steven Courtney, a faculty member at the University of Oregon, challenged the process used in consideration of his file for award of indefinite tenure. The University's Promotion/Tenure/Review/Appeals Committee (PTRAC) recommended that the provost reconsider the file as it existed before March 1991. President Brand accepted the Committee's recommendation to return the file to the provost for reconsideration but instructed the provost that he could also consider information accumulated between March 1 and June 16, 1991, regarding Professor Courtney's research. Professor Courtney appeals that decision to the Board alleging that the president's decision was not supported by substantial evidence and that it violated Professor Courtney's rights of due process. The Board designated Dr. Arthur C. Brown to review the file and recommend appropriate action for the Board. Dr. Brown's report and recommendations will be presented at the Board's May meeting.

Background

Professor Steven Courtney is a faculty member in the Biology Department at the University of Oregon. During the 1990-91 academic year, he was considered for award of indefinite tenure. Professor Courtney's department voted decidedly in favor of granting tenure. While his tenure file was being considered by the provost, faculty members in his department perceived certain deficiencies in his performance they believed should be taken into account before the provost reached a conclusion about Professor Courtney's tenure. Upon receipt of this information, the provost returned the tenure consideration to the department for a second review. The department recommended against award of tenure.

Because it was then too late to complete the review before summer, the provost waited to send the file through the process. However, he asked the 1990-91 Dean's Advisory and Faculty Personnel Committees to reconsider the file. The Dean's Advisory Committee refused to reconsider because of concerns about the fairness of resubmission and fears about establishing a practice that would allow department members to change their minds.
late in the process. The dean who had considered Professor Courtney's file was on sabbatical out of the country, and the new dean recommended against tenure.

When the Faculty Personnel Committee received the file, only six of the original nine members were available for reconsideration. While expressing concern over the department's change of recommendation, the Committee narrowly voted against tenure. The Committee noted that, had the original file appeared as it did when the Committee saw it the second time, more of the Committee would have recommended against tenure. After review of the file, the provost denied tenure to Professor Courtney.

Professor Courtney appealed the provost's decision. The PTRAC heard the matter and made a recommendation to the president. The PTRAC recommended the provost reconsider Professor Courtney's file, considering only the information in the file before March 1991, i.e., none of the material that was added as a result of the deficiencies subsequently perceived by the Biology Department.

The president adopted the PTRAC recommendations with qualifications. The president ordered the provost to reconsider his original decision but allowed the provost to consider information, accumulated before June 16, 1991, regarding the quality of Professor Courtney's research, rather than limiting it to material in the file before March. The president instructed the provost not to consider additional material regarding Professor Courtney's teaching or reports of the department's second review of Professor Courtney's file. President Brand decided to permit consideration of additional material regarding research because, prior to communications from the Biology Department relating to perceived performance deficiencies, the provost, whose academic discipline is biology, had serious concerns about Dr. Courtney's research. Within the normal process, the provost has the authority, if not the obligation, to seek further information and to consult with others if there are doubts regarding the correct decision based on the material in the file.
Professor Courtney alleges that the president's decision regarding the procedure to be followed in the provost's reconsideration for tenure is not supported by substantial evidence and conflicts with applicable rules and law. Professor Courtney states that the record does not support President Brand's conclusion that the provost would have sought the same material regarding Professor Courtney's research had the department's concerns not surfaced and that the materials solicited were "tainted by the circumstances that prompted their submission." Professor Courtney also alleges that consideration of the materials violates his due process rights.

Board President Bailey designated Dr. Arthur C. Brown, Associate Dean in the School of Dentistry at Oregon Health Sciences University, to review the matter.

Dr. Arthur Brown submitted the following report of his review of Dr. Courtney's grievance:

The following is my recommendation on the appeal to the Board of Dr. Steven Courtney, Assistant Professor of Biology, University of Oregon, concerning President Brand's decision related to Dr. Courtney's promotion and tenure. The recommendation is based on the written records submitted to me by Melinda Grier, the audio tapes of Dr. Courtney's grievance hearing, and President Brand's letter of March 18, 1993, to the involved parties ("Report of Promotion/Tenure/Retention Appeals Committee on Steven Courtney Tenure Decision"). I have been instructed that the appropriate issues for review are (1) possible procedural errors, (2) inconsistency with applicable law, and (3) substance of the evidence for President Brand's decision.

**Procedure and Possible Procedural Errors**

The initial consideration of Dr. Courtney's proposed promotion and award of tenure by the Biology Department (October 1990) and the subsequent consider-
ation by the Dean's Advisory Committee, by Dean Van Houten (January 1991), and by the Faculty Personnel Committee (February 1991) were regular and unexceptional. The contentious part of the procedure began with the memo to the Provost's office by Dr. Udovic, Head of Biology, containing negative comments based on purported new evidence about Dr. Courtney's teaching (April 1991). This was followed by further input to the Provost by other Biology faculty members, involving both Dr. Courtney's teaching and research accomplishment and promise. This eventuated in formal reconsideration by the Biology Department and contested movement through the academic chain and the faculty grievance procedure, finally reaching President Brand and now the Board of Higher Education.

There are two issues related to the process: Was the admission of new evidence fair; and, if so, was reconsideration by the Biology Department and re-review by the several advisory boards and administrative offices appropriate? Regarding the new evidence, the issue is not whether new evidence is ever admissible -- clearly it is -- but whether this particular evidence was properly obtained and of sufficient moment to interrupt the normal review procedure. In my opinion, new evidence is admissible if it is relevant, of substance, and not a cover for a hidden agenda. Obviously, evidence on teaching and research is relevant. Those who opposed Dr. Courtney's tenure give credible reasons for their opinions. Speculation aside, I find no indication that the new evidence was brought forward for inappropriate reasons. Concerning substance, I find that the evidence of inferior teaching is weak (anecdotal, unsystematic, based on a single offering of a single course). But, in my opinion, some of the evidence of inadequate research accomplishment and lack of promise was appro-
priate for serious consideration and review. I hold this opinion, even though many of the doubts concerning Dr. Courtney's research could and should have been voiced at the time of the original Biology Department review. The lifelong commitment associated with tenure requires that all serious evidence be considered.

The second issue related to process is the procedure actually adopted -- reconsideration by the Biology Department and subsequent lurching progress to the Provost. In my opinion, this was one of several possible options and not unfair per se to Dr. Courtney. In any case, President Brand's directive to the Provost not to consider the results of the Biology Department's reconsideration nor information gathered after June 16, 1991, makes this issue moot.

**Inconsistency with Applicable Law**

I have reviewed the rules relevant to tenure, including OAR 580-21-105 (Eligibility for Indefinite Tenure), OAR 580-21-110 (Initial Appointment and Probationary Service for Faculty on Tenure-Related Appointments), and OAR 580-21-135 (Criteria for Faculty Evaluation). In my opinion, the procedures in this case were consistent with the rules on tenure.

Further, I have reviewed the rules on faculty grievances, including OAR 580-21-050 (Grievance Procedures) and OAR 580-21-055 (Appeal of Grievance Decisions). The applicable rules appear to have been followed. Based on the audio tapes of the grievance hearing, the hearing appears to have been conducted in a fair and efficient manner.
Substance of the Evidence for the President's Decision

President Brand cites the following as his reason for permitting the Provost to base his decision on evidence accumulated through June 16, 1991 (excluding the Biology Department faculty meeting of May 29, 1991), instead of limiting the evidence to that collected through March 1991, as recommended by the Promotion/Tenure/Retention/Appeals Committee: "I do this for the single reason that the Provost, for whose decision all the previous process was to inform, had not made a decision by the end of March. Quite the contrary, the Provost had serious concerns about Dr. Courtney's research." The implication is that the criticism by Dr. Courtney's colleagues would have been available to the Provost even had matters taken their normal course (that is, if the Biology Department had not reconsidered Dr. Courtney's promotion and tenure). In my opinion, President Brand made a reasonable decision, considering the complexities of the case.

On the narrow question of the evidence that the Provost had expressed doubts about Dr. Courtney's scholarship when the matter was first presented to him, President Brand states that he has verified this was indeed the case. However, the first public record of the Provost's early doubts is contained in Vice Provost Davis' testimony at the grievance hearing of January 1993. In the absence of evidence to the contrary, I must assume that this later testimony is an accurate reflection of earlier events. Therefore, I find that President Brand had a sufficiently substantial basis for his decision.

Conclusion

I find that none of the conditions for reversing the President's decision list-
ed in OAR 580-21-055(6a-6c) is satisfied, so I recommend that the Board of Higher Education sustain the decision of President Brand.

Staff Recommendation to the Board

Staff recommended the Board accept Dr. Brown's recommendation to uphold President Brand's decision.

Board Discussion and Action

Ms. Grier reminded the Board that Dr. Brown reviewed the file for procedural error, inconsistency with applicable law, and to determine if there was substantial evidence to support President Brand's decision.

On the matter of procedural error, Dr. Brown acknowledged that the procedure was not normal, because it is not normal to send a file through the process a second time. However, because Provost Wessells had legitimate concerns, the procedure that he followed was not improper and was not pretextural so that other improper things could be considered.

As to inconsistency with applicable law, Ms. Grier indicated that all the rules and procedures that were required to be followed and found were followed. Finally, there was substantial evidence to support the President's decision.

Mr. Swanson asked if the first vote had passed the committee without much dissent. Ms. Grier responded that it had. The second time the recommendation went back, the department switched its vote. The Faculty Advisory Committee then voted against awarding tenure on a split vote.

Continuing, Mr. Swanson asked what the Board's standards of review were and the choices for decision. Ms. Grier indicated that the choice before the Board was whether to uphold the President's decision to let the Provost consider the additional material that he had gathered about the research or whether to deny the Provost opportunity to consider them. The Board, she indicated, was not deciding whether Professor Courtney re-
ceived tenure, but what materials the Provost might consider in his decision.

"What is before you today is consideration of what material the Provost should be allowed to consider in making his determination regarding tenure -- if he should be allowed to consider the additional information. The President instructed him not to consider the information the department had raised regarding teaching and not to consider the information when the department re-voted the second time. He was only to consider the information he gathered based on his own concerns regarding the quality of the research."

Mr. Miller asked under what authority or statute a grievance comes before the Board. Ms. Grier indicated that the Board's rules on grievance procedures allow faculty members who feel they have been wronged in connection with their employment to file grievances that, after institutional consideration, can be appealed to the Board.

Ms. Wilson moved and Mr. Donahue seconded approval of the staff recommendation. Those voting in favor: Directors Adams, Dodson, Donahue, Jackson, Miller, Swanson, Wilson, Yokota, and Bailey. Those voting no: none.

**SUMMARY OF FACILITIES CONTRACTING ACTIVITIES, OFFICE OF FINANCE AND ADMINISTRATION**

**Staff Report to the Board**

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

**Award of Construction Contracts**

**MacKenzie Hall Rooms 3304 through 3227, Neurosurgery Offices Project, OHSU**

On May 17, 1993, John May Construction Company, was awarded a contract for this project in the amount of $121,844.00. Financing will be provided from operating funds and a grant account.

**University Hospital South, 11A Angiography III Project, OHSU**

On April 21, 1993, S. D. Deacon Enterprises, was awarded a contract for this project in the amount of $782,000.00. Financing will be provided from Hospital Omnibus XI-F(1) Bonds.
University Hospital South, Step Down Unit 7th Floor C-Wing Project, OHSU
On April 15, 1993, John May Construction Company, was awarded a contract for this project in the amount of $145,024.00. Financing will be provided from Hospital Omnibus XI-F(1) Bonds.

University Hospital South, 12A Nursing Unit Alterations Project, OHSU
On April 20, 1993, Rollins & Greene Builders, Inc., was awarded a contract for this project in the amount of $111,999.00. Financing will be provided from Hospital Omnibus XI-F(1) Bonds.

Emma Jones Hall, Fire Protection Addition, Loading Dock #4 & OPC-UHS Connectors Project, OSU
On May 10, 1993, Todd Hess Building Company, was awarded a contract for this project in the amount of $121,975.00. Financing will be provided from state funds.

Knight Library Additions & Alterations Phase II Project, UO
On April 1, 1993, S. D. Deacon Corporation, was awarded a contract for this project in the amount of $7,670,000.00. Financing will be provided primarily from gifts with the remainder from state funds.

Lawrence Hall Reroofing Project, UO
On May 10, 1993, Snyder Roofing & Sheet Metal, Inc., was awarded a contract for this project in the amount of $344,565.00. Financing will be provided from state funds.

(No Board action required)

LEGISLATIVE REPORT
Vice Chancellor Larry Large reported on progress of the Lottery Bill. This Bill is a concern to higher education and the State System as a number of important programs are at stake. The Senate has completed work on the Bill without much deviation from the Governor's recommendations.

The House Revenue Committee is continuing to work toward a tax reform bill. Progress is slow and the outcome is uncertain at this time.
Mr. Swanson reported on the Board Committee on Academic Productivity, which is preparing to hold the third meeting on June 4, 1993. The previous meeting included a presentation by Professor Henry Levin of Stanford University. The meeting also featured a discussion regarding tenure within the State System. Mr. Swanson indicated that a sub-committee of the group would be formed to look, in detail, at the progress of the Committee and make recommendations for what remains to be considered.

Work on the Long-Range Planning is progressing, and a process manager should be identified within the next two weeks. Following that, a Committee will be formed.

Board members joined in thanking President Wolf and the staff of the Oregon Institute of Technology for their hospitality and commended them for progress on making the Metro Center such an important component of the institution and the System.

Mr. Bailey thanked Board members, presidents, students, and members of the Chancellor's staff for the effective job being done in Salem at the legislature. He indicated that the hours in the hearings sometimes get long. Mr. Bailey reported that he had received very positive comments regarding higher education and the System's responsiveness to the concerns of legislators.

In closing, Mr. Bailey added his thanks to President Wolf and reminded the Board that the next meeting would be on June 25, 1993, at Portland State. He also reminded the Board that the Joint Boards meeting would be Thursday afternoon, July 22, in Ashland followed on Friday with all day meetings, including a Board Renewal Work Session.

President Bailey called on Dr. Dave Gilbert, president of Eastern Oregon State College, to confer the Bachelor of Science in General Education to Associate Board Secretary, Vicki Shives.
The meeting was adjourned at 12 noon.

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

Robert L. R. Bailey, President
Oregon State Board of Higher Education