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

April 22, 1994

ROLL CALL

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OREGON STATE BOARD OF HIGHER EDUCATION
MINUTES OF REGULAR MEETING
ROGUE RIVER ROOM, STEVENSON UNION BUILDING
SOUTHERN OREGON STATE COLLEGE

ROLL CALL

The meeting of the State Board of Higher Education was called to order at 10:15 a.m. by President Janice J. Wilson.

On roll call, the following answered present:

Dr. Herb Aschkenasy  Mr. Bobby Lee
Mr. Bob Bailey        Ms. Karen Madden Evans
Ms. Diane Christopher Mr. Rob Miller
Mr. Richard Donahue   Mr. Jim Willis
                        Ms. Janice Wilson

Mr. George Richardson and Mr. Les Swanson were absent due to conflicts in their schedules.

Chancellor's Office -- Chancellor Thomas A. Bartlett; Ron Anderson, Assistant Vice chancellor, Personnel Administration; Gary Christensen, Assistant Vice Chancellor, Academic Affairs; Andy Clark, Associate Director, Government Relations; Shirley Clark, Vice Chancellor, Academic Affairs; Francesca Clifford, Public Affairs Specialist; Thomas Coley, Assistant Vice Chancellor, Academic Affairs; Nancy Goldschmidt, Senior Policy Associate, Academic Affairs; Melinda Grier, Director, Legal Services and Compliance Officer; Dale Hess, Senior Policy Associate for Assessment and Planning; Weldon E. Ihrig, Vice Chancellor, Finance and Administration; Susan Johnese, Executive Secretary, Finance and Administration; Steve Katz, Controller; Grattan Kerans, Director, Government Relations; Larry Large, Vice Chancellor, Public Affairs; Joe McNaught, Attorney-in-Charge, Education Section; John Owen, Vice Chancellor, OCATE; Stacy Pearson, Director, Internal Audit Division; George Pernteiner, Associate Vice Chancellor, Finance and Administration; Davis Quenzer, Associate Vice Chancellor, Budget and Fiscal Policies; Vicki Shives, Associate Board Secretary; Lisa Stevens, Public Affairs Officer; Audry Symes, Staff Assistant, Finance and Administration; Virginia L. Thompson, Board Secretary; Holly Zanville, Associate Vice Chancellor, Academic Affairs.

Eastern Oregon State College -- James Hottois, Provost/Dean of Academic Affairs.
Oregon Health Sciences University -- President Peter Kohler; Tom Fox, Vice President, Development and Public Affairs; Lesley M. Hallick, Provost/Vice President for Academic Affairs; Jim Walker, Associate Hospital Director.

Oregon Institute of Technology -- President Lawrence Wolf; Martha Anne Dow, Provost; Gary Willhide, Director, Public Affairs; Doug Yates, Dean of Administration.

Oregon State University -- President John Byrne; Roy Arnold, Provost/Vice President for Academic Affairs; Bruce Shepard, Assistant Vice President, Undergraduate Studies; JoAnne Trow, Vice President, Student Affairs.

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

Southern Oregon State College -- President Joseph Cox; Bernie Binder, Dean of Sciences; Ronald Bolstad, Dean, Finance and Administration; Tony Boom, News Service Director; Carol Christlieb, Distance Learning Coordinator; Anna Kircher, Director, Computing Services; Stephen Reno, Provost and Dean of Faculty; Kevin Talbert, Director, Extended Campus Programs.

University of Oregon -- President Myles Brand; Anne L. Leavitt, Associate Vice Provost, Student Affairs; Gerald Kessler, Senior Vice Provost, Planning and Resources/Academic Affairs; Gerard Moseley, Vice Provost; Norman K. Wessells, Provost; Dan Williams, Vice President, Administration.

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

Interinstitutional Faculty Senate -- Bill Danley, Southern Oregon State College.

Others -- Ruth Aschkenasy; Denise Baratta, Ashland Daily Tidings; Brian DeLashmutt, Lobbyist, Oregon Nurses Association; Lenn Hannon, Oregon State Senator; Robert Nosse, Executive Director, Oregon Student Lobby; Russell Working, Medford Mail-Tribune.
MINUTES APPROVED

The Board dispensed with the reading of the minutes of the February 25, 1994, meeting of the Board. Mr. Bailey moved approval of the minutes as submitted. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.

PRESIDENT'S REPORT

President Wilson recognized Senator Lenn Hannon. The senator welcomed the Board to southern Oregon. He indicated that legislative understanding of the public corporation proposal was limited and encouraged more detailed communication with legislators. He expressed two concerns. "I think we need to be careful in our statements not to allege that certain savings can be attributable until we're more definite that those, in fact, can be generated. And I want to make sure that we do not, in this attempt to create a public corporation, decentralize higher education from the statewide system to an institutional system so that we see a cannibalism of one institution against another institution before the legislative process, but rather the institutions coming together on a statewide basis representing themselves as a statewide system." He extended his continued support of higher education.

Press Conference

Dr. Bartlett and Ms. Wilson held a press conference in Portland on April 13 on the State System public corporation initiative. Ms. Wilson noted that there has been positive response to the proposal and that discussion of the public corporation would be a major focus of the Board's work session.

AGB Conference

President Wilson noted that she, Vice Chancellor Large, and Board members Les Swanson and Bobby Lee attended the Association of Governing Boards conference in Washington, D.C. From her interactions with colleagues from around the country, Ms. Wilson concluded that the challenges facing Oregon public higher education are not unique to this state. Oregon is, however, among the leaders in analyzing and addressing the challenges.

Congressional Visit

While in Washington, D.C., Vice Chancellor Large and President Wilson visited members of Oregon's Congressional delegation to discuss four issues: 1) OSSHE capital requests for federal funds, 2) the Eisenhower Mathematics and Science Higher Education Program, 3) the public corporation proposal, and 4) the Higher Education Act. In addition, there
was a reception for legislative staff and individuals who had graduated from Oregon institutions.

**Myles Brand**

President Wilson congratulated Dr. Brand on his new appointment as president of Indiana University and thanked him for his outstanding contribution to the University of Oregon. She noted that Dr. Bartlett and Mr. Rob Miller will join her in selecting an interim president as quickly as possible.

**Nominating Committee**

Ms. Wilson named the members of the nominating committee, who will make recommendations at the June meeting for the next Board president, vice president, and executive committee members. Bob Bailey will be chair of the committee, to be joined by Rob Miller and Diane Christopher.

**SOSC Visit**

Finally, Ms. Wilson thanked President Cox, Provost Reno, and members of his staff and student body for the excellent dinner Thursday evening and campus visit Friday morning. "This is what we’re really all about -- students talking to us about what they care about, what they are learning about, what they are touching, feeling, and experiencing. Being part of making that happen is a real honor for all of us."

**CHANCELLOR'S REPORT**

Chancellor Bartlett reported on his recent trip to Japan to attend a meeting of the U.S./Japan Foundation Board. The Board discussed Pacific relationships at length.

**Stakeholders Meetings**

Dr. Bartlett noted that stakeholders meetings were underway. "When the Governor gave us our budget instructions, she specifically urged us to meet with our stakeholders -- people we would choose to consult with as we approach the 1995-1997 budget. On May 5, we will meet with the Governor to review where we are in the process of those meetings and our thinking about the 1995-1997 budget. In response to the Governor's request, we have scheduled ten meetings around the state -- eight at our campuses plus two others."

"It is a very constructive process. We are meeting with the public to try to identify the trade-offs, challenges, and prospects as we approach the next budget. We are also meeting with editorial boards as we discuss three related issues: 2010, the vision and its implications; the public corporation proposal that emerges from the 2010 proposals; and the 1995-1997 budget outlook. Each of those is separate from the other and yet all three very much overlap."
Meeting #627

Meeting with President Clinton

The Chancellor asked President Brand to comment on his recent meeting with President Clinton. Dr. Brand indicated that an hour-and-a-half meeting was set up between the Association of American Universities (AAU) and AAU presidents and President Clinton. Topics of discussion included the SuperHighway and the infrastructure needed for that, the relationship between K-12 and higher education, financial aid, the need for the federal government to back off trying to find resources within higher education, and a great deal of conversation about economic development issues and the role higher education plays in those. "The Clinton Administration, in its rhetoric, has been very favorable to higher education, but really hasn't taken any action since the campaign. It focused mostly on financial aid -- Pell grants and the National Service Initiative -- but we haven't seen anything else. We were most concerned about indirect costs and about the SPRE." Dr. Brand indicated that the message that the federal government must find ways to renew the partnership with higher education was clearly received.

APPOINTMENT TO FOREST RESEARCH LABORATORY ADVISORY COMMITTEE

Staff Report to the Board

ORS 526.225 provides that the Board of Higher Education shall appoint a Forest Research Laboratory Advisory Committee composed of 15 members, nine of whom are to be individuals who are engaged, actively and principally, in timber management of forest lands, harvesting, or processing of forest products; three of whom are to be individuals who are the heads of state and federal public forestry agencies; and three of whom are to be individuals from the public-at-large. Although the statute does not prescribe the terms of the committee members, the practice has been to make appointments for a period of three years. Those who are performing actively and effectively traditionally have been recommended for reappointment to a second three-year term, with all members replaced at the conclusion of a second term.

Dr. George W. Brown, director of the Forest Research Laboratory, with the concurrence of President Byrne and Chancellor Bartlett, recommends the following appointment for the term indicated:

Appointment of Elaine Y. Zielinski, newly appointed State Director for Oregon/Washington U.S. Bureau of Land Management (BLM). Ms. Zielinski, a 17-year veteran with the BLM, replaces Mr. D. Dean Bibles, who has been reassigned to Washington, D.C.
Staff Recommendation to the Board

Staff recommended the Board approve the above appointment to the Forest Research Laboratory Advisory Committee.

Board Discussion and Action

Mr. Bailey moved and Mr. Lee seconded the motion to approve the staff recommendation. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.

OSU FOUNDATION PROPERTY GIFT TO OSU

Staff Report to the Board

A parcel of land at 811 Jefferson Street, Corvallis, was acquired by the Oregon State University Foundation in 1979. The property is valued at $275,000 and includes two lots totaling approximately 11,154 square feet and a 7,961 gross square-foot, three-story building with basement. Oregon State University has been leasing the facilities, first for use by the Oregon State University Climatic Research Institute and currently for use by the Center for the Humanities. The property is centrally located between the campus and downtown Corvallis. Shortly after the Foundation acquired the property, the electrical and plumbing services were brought up to code. The roof has been replaced within the last ten years. The Foundation is unaware of any further repair items that would require University funding. Approximately five years ago, the property was checked for environmental concerns and none were found. In addition, Oregon State University staff have completed an environmental survey and have supplied the Office of Finance and Administration with their report. The report indicates no environmental problems but does note that the ceiling tiles on the third floor could possibly contain asbestos.

Oregon State officials have indicated that some savings will accrue to the University as a result of not having to pay rent for the facility.

The facility has been named the Autzen House in honor of Tom Autzen.

Staff Recommendation to the Board

Staff recommend that the Office of Finance and Administration be authorized to accept on behalf of Oregon State University the parcel of land from the Oregon State University Foundation.
Board Discussion and Action

Mr. Donahue moved and Mr. Willis seconded the motion to approve the staff recommendation. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.

Summary

Southern Oregon State College requests authorization to purchase a house and land within the approved campus boundaries at 1060 Henry Street. The parcel is located in the west portion of campus and would be used for student family housing. The price of the parcel is $128,500.

Staff Report to the Board

Institutional officials at Southern Oregon State College have forwarded to the Office of Finance and Administration an option to purchase a parcel of land within the approved campus boundaries. The property is in the west portion of campus and is bordered on all sides by Southern Oregon State College property. It is in an area identified on the campus master plan as a "public/private opportunity area" suitable for college-sponsored housing or for facilities providing expanded educational and research opportunities for faculty and students. The parcel of land contains approximately 0.24 acres and has a well-maintained single family residence located on it as well as a garage with attached carport that can be converted at relatively modest expense into a rental cottage. The property is being offered by the owner for $128,500, which is equal to the price established by an independent appraisal made on the property. The appraisal indicated that the dwelling is above average in nearly all respects. Southern Oregon State officials also report that the dwelling is in excellent condition. The Ashland housing market is experiencing a significant increase in average sale prices, reinforcing the desirability to act promptly in acquiring the parcel.

The property has been used as a private residence for the past 59 years. The seller, to the best of her knowledge, attested that there are no known hazardous materials on the property. Southern Oregon State College personnel physically reviewed the property and completed a Property Environmental Information Disclosure Site Inspection Report required by the Board; it was determined that there were no signs or evidence of any
conditions that would indicate a potential problem with hazardous materials or wastes.

The property is currently zoned for medium density residential use. Southern Oregon State College will use the parcel for family student housing, for which there is a considerable waiting list.

The purchase will be funded from $128,500 of Article XI-F(1) bond proceeds to be repaid from rental income. The purchase is to be made under authority of Chapter 734, Section 6(1), OL 1989 and Chapter 538, Section 1(1)(e), OL 1993.

Staff Recommendation to the Board

Staff recommended that the Office of Finance and Administration be authorized to purchase, on behalf of Southern Oregon State College, the parcel of land from Alissa Levenberg (formerly Sorensen) for the purchase price of $128,500.

Board Discussion and Action

Ms. Madden Evans asked how many families would be affected. Mr. Ihrig responded that it is a single-family dwelling.

Mr. Miller moved and Mr. Donahue seconded the motion to approve the staff recommendation. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.

Summary

The Board was asked to approve the use of $1.6 million of bond proceeds and associated interest earnings for listed projects at the colleges and universities. The listing was developed based upon the ratings of the physical plant directors of the colleges and universities, using criteria discussed with the Board in July 1993. Bonds were sold for this purpose in October 1993. Last September, the Board approved the allocation of more than $10 million of the bonds to specific projects.
Staff Report to the Board

In July 1993, the Board approved the issuance of $11,670,000 of Article XI-G bonds for capital repair and deferred maintenance projects. The 67th Legislative Assembly appropriated a similar amount from the General Fund for such projects, which fulfills the constitutional requirement that at least as much funding be appropriated for a project as the amount of bonds issued under terms of Article XI-G. These are general obligation bonds and are not related to self-supporting activities.

As of July 1993, the deferred maintenance backlog for the State System's Educational and General facilities was estimated to be $190 million. National guidelines call for a funding level of at least $36 million per biennium to keep the backlog from growing. (This is based on the value of the State System's facilities.) The Board, in July 1992, emphasized capital repair and deferred maintenance in the capital construction and operating budget proposals. The legislature responded by authorizing the issuance of bonds, effectively doubling the ability of the State System to address deferred maintenance.

At the time the Board approved the issuance of the bonds, staff assured the Board would be apprised of the projects to be funded with the bonds. The Board agreed to allocate $10,025,000 to projects last September, leaving another $1.6 million for allocation once the final bond proceeds were known.

The directors of physical plant and facilities services for the eight colleges and universities were asked to propose projects for bond funding and were given the opportunity to rate and prioritize these proposed projects. The legislature had provided two criteria: health/safety and facilities integrity. Staff has added a further requirement that no additional staffing would be made available to colleges and universities to take on work funded by the bonds.

Twenty-five projects were proposed by college and university officials for this second round of bond fund allocations. Those receiving the highest ratings from the physical plant directors and the Board's facilities staff are shown below and are recommended for funding with the remaining proceeds of the October bond sale plus accumulated interest earnings.
Projects Recommended for Bond Funding

<table>
<thead>
<tr>
<th>Coll/Univ</th>
<th>Project</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>OHSU</td>
<td>Basic Science HVAC Repairs</td>
<td>$150,000</td>
</tr>
<tr>
<td>OSU</td>
<td>Education Hall Exterior Repairs</td>
<td>160,000</td>
</tr>
<tr>
<td></td>
<td>Vacuum Condensate Return System</td>
<td>250,000</td>
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<tr>
<td></td>
<td>Ballard Hall Masonry Repair</td>
<td>120,000</td>
</tr>
<tr>
<td>PSU</td>
<td>Neuberger Mechanical System Repairs</td>
<td>220,000</td>
</tr>
<tr>
<td>OIT</td>
<td>Electrical Switchgear Replacement</td>
<td>100,000</td>
</tr>
<tr>
<td>WOSC</td>
<td>South Hall Settlement Study</td>
<td>55,000</td>
</tr>
<tr>
<td>UO</td>
<td>Fire Alarm System</td>
<td>95,000</td>
</tr>
<tr>
<td></td>
<td>Oregon Hall Indoor Air Quality</td>
<td>200,000</td>
</tr>
<tr>
<td></td>
<td>Central Power Station Fuel Tank Removal</td>
<td>250,000</td>
</tr>
</tbody>
</table>

Total Recommended Allocation $1,600,000

Staff Recommendation to the Board

Staff recommended that the Board concur with the recommendations of the physical plant directors and directors of facilities services with regard to the projects to be undertaken with the proceeds of the sale of Article XI-G bonds for capital repair and deferred maintenance.

Board Discussion and Action

Dr. Aschkenasy asked for clarification between day-to-day maintenance items and long-term maintenance projects. Vice Chancellor Ihrig responded that immediate needs, such as replacing a broken window, are handled by the campuses routinely. "These are longer-term maintenance projects that would have been handled on a regular cycle if there had been resources. These are projects that would help keep our facilities up-to-date and minimize the backlog of maintenance."

Mr. Donahue moved and Mr. Bailey seconded the motion to approve the staff recommendation. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.
Executive Summary

Staff proposed to replace Oregon Administrative Rule 580-50-020 in its entirety in order to streamline the selection procedures for architects, engineers, and other professional consultants while maintaining competition. Salient changes include raising the direct appointment threshold from $10,000 to $25,000; raising the level at which detailed selection processes are required from $20,000 to $100,000; and establishing a procedure for retainer agreements that may be used by all colleges and universities and, with the agreement of the Vice Chancellor for Finance and Administration, by other public agencies.

Staff Report to the Board

The appointment of architects, engineers, and related professional consultants has changed somewhat during the past two biennia. There is now extensive use of retainer agreements by the colleges and universities so that consultants can be brought into planning processes quickly and projects can proceed in a timely manner. Even with the retainer agreements, the administrative process for appointing consultants has been somewhat unclear and required extensive staff time. To remedy these problems and provide opportunities for all qualified professional consultants, it is proposed that OAR 580-50-020 be revised to make it more efficient to appoint professional consultants for projects where the total fees do not exceed $100,000. For all capital construction projects over $100,000, the colleges and universities would continue to advertise the project and interview qualified consultants before making an appointment. The revised OAR provides a more efficient and less time-consuming procedure for the appointment of selected professional consultants on retainer agreements for smaller remodeling and capital repair projects.

The primary changes to OAR 580-50-020 include the ability for colleges and universities to appoint professional consultants directly where total fees do not exceed $25,000 and to select competitively and utilize consultants on retainer agreements for projects where fees do not exceed $100,000. For projects with fees in excess of $100,000, the appointment procedures remain the same as at present: the institution must appoint a review committee, advertise the project, and select no fewer than five consultants for interviews before selecting a consultant for the project.

The proposed rule also provides for other public agencies to enter into interagency agreements with the Office of Finance and Administration and
utilize the services of professional consultants that have been selected for retainer agreements.

The proposed rule was developed jointly by Chancellor's Office staff and the physical plant and facilities services directors of the eight colleges and universities. No adverse comments were received at a public hearing held on the University of Oregon campus on March 1, 1994, or in writing.

Fiscal Impact

The proposed rule change will have no direct fiscal impact; however, it is expected that some indirect cost savings will accrue as a result of reduced staff time involved in interviewing and hiring professional consultants.

Staff Recommendation to the Board

Staff recommended the Board amend Oregon Administrative Rule 580-50-020 in its entirety to govern the manner in which professional consultants are appointed.

(Note: brackets denote deletion; underline denotes addition.)

The text of the rule is changed in its entirety.

[Appointment of Professional Consultants

580-50-020 The Vice Chancellor for Finance and Administration or designee is authorized to select and employ architects, engineers, planners, and such other professional consultants (collectively called "consultants" in this rule) in accordance with the following standards and procedures:

(1) The purposes of this rule are to assure that consultants are considered fairly for professional service contracts and that those selected will be highly qualified and to encourage excellence and cost consciousness on the part of consultants. The following factors shall be considered in evaluating and selecting consultants:

(a) Specialized experience, design talent, and technical competence, including an indication of the planning process expected to be used in the work;

(b) Capacity and capability to perform the work, including any specialized services, within the time limitations for the work;

(c) Past record of performance on contracts with governmental
agencies and private owners with respect to such factors as cost control, quality of work, ability to meet schedules, and contract administration;

(d) Availability to and familiarity with the area in which the work is located, including knowledge of design and construction techniques peculiar to it;

(e) Proposed cost management techniques to be employed.

(2) Each president shall designate a planning official who shall maintain a current roster of consultants interested in performing services for that institution. Consultants wishing to be considered for assignments at any institution may file a complete statement of qualifications and experience, in any desired format, with the planning official of that institution. This rule does not preclude consideration or selection of consultants not on an institutional roster.

(3) At least annually, in an Oregon newspaper of general circulation to consultants, the Vice Chancellor for Finance and Administration or designee shall publish a notice stating in substance that copies of this rule may be obtained from the Office of Finance and Administration and that consultants are invited to submit qualifications to the planning officials of the institutions for consideration. A copy of this rule and a list of the names and addresses of the institutional planning officials shall be provided to any consultant upon request.

(4) For professional service contracts where the anticipated professional fee is $10,000 or less, the Vice Chancellor for Finance and Administration or designee may authorize an appropriate institutional official to contract for such professional services with any qualified consultant.

(5)(a) For professional service contracts for minor capital improvement, rehabilitation and repair projects, feasibility studies and similar services, normally involving an anticipated professional fee of less than $20,000, except as in section (4) of this rule, the institutional planning official shall:

(A) Select at least five consultants who appear to have the qualifications for and interest in the proposed assignment;

(B) Notify each such consultant in reasonable detail of the proposed assignment;

(C) Determine the consultant’s interest in and ability to perform the proposed assignment.

(b) The institutional planning official may, but need not, arrange for such consultants to be interviewed by a panel, as provided in section (6) of this rule, and shall report to the Vice Chancellor for Finance and Administration or designee as to the qualifications and interest of each
such consultant and the institution’s recommendation or preference for selection.

(6) For professional services contracts for capital construction projects (as defined in the Budget Preparation Manual of the Executive Department) and for retainer-type contracts of any nature, except in emergency situations, the institutional planning official shall select at least five consultants who appear to have the qualifications for and interest in the assignment. Each consultant selected shall be invited to interview for the assignment, and those who indicate interest shall be interviewed. The interview shall be conducted by a panel of at least three persons, at least one of whom represents the institutional planning official. Following the interviews, the institutional planning official shall report to the Vice Chancellor for Finance and Administration or designee as to the qualifications and interest of each such consultant and the institution’s recommendation or preference for selection.

(7) In the cases described in sections (5) and (6) of this rule, the Vice Chancellor for Finance and Administration or designee may interview any or all of the recommended consultants and shall select one consultant in accordance with the standards set forth in section (1) of this rule. The Vice Chancellor for Finance and Administration or designee shall then negotiate a contract with the selected consultant, but if a mutually satisfactory contract cannot be agreed to, then the Vice Chancellor for Finance and Administration or designee may select another from the recommended consultants.

(8) A report of all appointments under section (6) of this rule shall be made to the Board following such appointments.

(9) This rule does not apply to amendments, modifications, or supplements to executed professional services contracts.

Appointment of Professional Consultants

580-50-020 The Vice Chancellor for Finance and Administration or designee is authorized to select and employ architects, engineers, planners, and related professional consultants (collectively called "consultants" in this rule) for energy management, construction, construction management, facilities planning, improvements, repairs, deferred maintenance, technical services, and related activities in accordance with the following standards and procedures:

(1) The purposes of this rule are to assure that consultants are considered fairly for professional service contracts; that those selected shall be highly qualified; and to encourage excellence and cost consciousness on the part of consultants. The following factors shall be considered in evaluating and selecting consultants:
(a) Experience, design talent, and technical competence, including an indication of the planning process expected to be used in the work;

(b) Capacity and capability to perform the work, including any specialized services, within the time limitations set for the work;

(c) Past record of performance on contracts with governmental agencies and private owners with respect to such factors as cost control, quality of work, ability to meet schedules, and contract administration;

(d) Availability to and familiarity with the area in which the work is located, including knowledge of design and construction techniques peculiar to the area;

(e) Proposed cost management techniques to be employed; and

(f) Ability to communicate effectively.

(2) At least biennially, in a trade periodical or an Oregon newspaper of general circulation, and in at least one trade periodical or newspaper geared towards minority, women, and emerging small businesses, the Vice Chancellor for Finance and Administration or designee shall publish a notice stating in substance that copies of this rule may be obtained from the Office of Finance and Administration and that consultants are invited to submit qualifications to the Vice Chancellor for Finance and Administration or designee for consideration. The Vice Chancellor for Finance and Administration or designee shall also provide a copy of the above notice to the Office of Minority, Women and Emerging Small Business. A list of the names and addresses of the institution facilities planning official(s) designated by the institution president shall be provided to any consultant upon request.

(3) Retainer Agreements

(a) If an institution wants to enter into retainer agreements, the institution facilities planning official after receipt of copies of all responses from the Vice Chancellor for Finance and Administration or designee under section (2) of this rule and other consultants who have expressed an interest, the institution shall convene a committee as set out in subparagraph (4)(d)(A)(iii). Such committee shall review and select consultants who appear to have the qualifications for and interest in performing professional services for the institution. The facilities planning official shall recommend to the Vice Chancellor for Finance and Administration or designee the selected consultants.

(b) Each selected consultant shall be invited to enter into a retainer agreement for a two-year period with the option to extend for one additional year, utilizing a form of agreement approved by the Vice Chancellor for Finance and Administration. Such services of the selected consultants shall be available to all institutions requiring such services upon request of any institution facilities planning official. The Office of
Finance and Administration, on its own initiative, selects consultants for retainer agreements. The Vice Chancellor for Finance and Administration or designee may enter into interagency agreements to permit other public agencies to utilize the services of consultants selected for retainer agreements pursuant to this subsection.

(c) Each institution facilities planning official shall maintain a current roster of all consultants chosen for institutional retainer agreements by all institutions as well as a roster of retainer agreements entered into by the Office of Finance and Administration.

(d) The names of interested consultants not selected under section (3) of this rule shall be maintained on a current roster and provided to the institution facilities planning official at each institution.

(4) Contracting for Services

The procedures to be followed when contracting for professional consulting services shall depend upon a combination of factors including the total anticipated fee and whether or not the consultant has entered into a retainer agreement pursuant to section (3).

(a) For professional service contracts where the anticipated professional fee, including consultant fees and reimbursable expenses and all amendments and supplements, is $25,000 or less, the Vice Chancellor for Finance and Administration or designee may authorize an appropriate institution facilities planning official to contract for such professional services with any consultant selected in subsections (3)(a) or (3)(b) or such other consultants as the institution facilities planning official may choose who appear to have the qualifications for and interest in the proposed assignment.

(b) For professional service contracts involving an anticipated professional fee, including consultant fees and reimbursable expenses and including amendments and supplements, between $25,001 and $100,000, or in an emergency situation, the Vice Chancellor for Finance and Administration or designee may authorize the institution facilities planning official to (1) select a consultant from those on retainer who appear to have the qualifications for and interest in the assignment; or (2) select at least three consultants not on a retainer agreement who appear to have the qualifications for and interest in the proposed assignment and notify each consultant selected in reasonable detail of the proposed assignment and invite each consultant to submit a written proposal:

(c) The institution facilities planning official shall negotiate a contract with the selected consultant and, if a mutually satisfactory contract cannot be agreed to, the institution facilities planning official may select another consultant from the recommended consultants and enter into contract negotiations.
(d) For professional service contracts with an anticipated professional fee, including consultant fees and reimbursable expenses, over $100,000, the institution facilities planning official shall select for consideration no fewer than five consultants using the following procedure:

(A) Identification of Consultants for Further Consideration

(i) Announcement: The institution facilities planning official shall give notice of intent to contract for professional services in a trade periodical or newspaper of general circulation and in at least one trade periodical or newspaper geared towards minority, women, and emerging small businesses. The notice shall include a description of the proposed project, the scope of the services required, and a description of special requirements, if any. The notice shall invite qualified prospective consultants to apply. The notice shall specify where the solicitation document may be obtained and the closing date. The institution facilities planning official shall also provide a copy of the above notice of intent to the Office of Minority, Women and Emerging Small Business.

(ii) Application: The application or consultant’s qualification must include a statement that describes the prospective consultant’s credentials, performance data, and other information sufficient to establish consultant’s qualification for the project, as well as any other information requested in the announcement.

(iii) Initial Screening: The institution facilities planning official shall appoint a consultant screening committee consisting of no fewer than two individuals to review, score, and rank the consultants according to the solicitation criteria. The consultant screening committee shall evaluate the qualifications of all applicants and select no fewer than five prospective consultants whose applications demonstrate that the selected consultants can best fulfill the provisions of section (1) of this rule.

(B) The Final Selection Procedure

(i) Interviews: Following screening and evaluation, the institution facilities planning official and consultant screening committee shall invite to interview, in person, a minimum of five finalists selected from the initial screening.

(ii) Selection: The institution facilities planning official shall make the final selection based on such factors as applicant capability, experience, project approach, and references; recommend the consultant to the president or designee; and notify the selected consultant of such selection.

(iii) Contract: An appropriate institution official shall then negotiate a contract with the selected consultant. In the event a mutually satisfactory contract cannot be agreed to, the consultant screening committee may select for consideration and contract negotiations another
consultant from the remaining recommended consultants.

(5) All appointments under subsections (4)(a), (4)(b), and (4)(c) of this rule shall be reported to the Board through the Vice Chancellor for Finance and Administration.

(6) The institution president or designee may execute amendments, modifications, or supplements to executed professional service contracts within the scope of the original contract and the limits prescribed in this rule.

(7) Any consultant who has submitted a proposal as outlined in subsections (3)(a), (4)(a), (4)(b), or (4)(c) of this rule and claims to have been adversely affected or aggrieved by the selection of a competing consultant, and unless a different deadline is specified in the notice of intent to contract for professional services, shall:

(a) Have seven (7) calendar days after receiving notice of selection to submit a written protest of the selection to the institution facilities planning official. The institution facilities planning official shall not consider a selection protest submitted after the time period provided in this subsection, unless a different deadline is provided in the notice of intent to contract.

(b) The institution facilities planning official, in consultation with the Vice Chancellor for Finance and Administration or designee, shall have the authority to settle or resolve a written protest submitted in accordance with this rule. The institution facilities planning official shall respond to the protesting consultant within ten (10) days of receipt of such written protest.

(c) Judicial review of the disposition of a written protest submitted in accordance with subsection (7)(a) of this rule may be available pursuant to the provisions of ORS 183.484.

Board Discussion and Action

Mr. Bailey moved to approve the staff recommendation. On roll call, the following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.

OAR 580-40-030, VEHICLE SAFETY RULE

Executive Summary

The 1993 Oregon Legislature directed that the Board "shall not authorize or allow the use of any motor vehicle to transport students" except when directly related to an "officially sanctioned program." It further directed the Board to adopt by rule procedures to identify "officially sanctioned
programs." Staff proposed that the Board fulfill the legislative mandate by adopting OAR 580-40-030.

Staff Report

As part of a bill regarding the use of state motor vehicles and the state motor pool, the 1993 Legislature, in HB 2495, directed that the Board "shall not authorize or allow the use of any motor vehicle to transport students" except when directly related to an "officially sanctioned program." HB 2495 also provided that the Board should adopt procedures by rule to identify "officially sanctioned programs." Institution representatives and Chancellor's Office staff drafted the proposed rule, which was also sent to the Oregon Student Lobby for comment.

A public hearing was held at 9 a.m., March 30, 1994. Five individuals attended; no one opposed the amendment. Oregon Student Lobby wrote in support of the amendment and requested the opportunity to participate in the processes at each institution required by the amendment.

Staff Recommendation to the Board

Staff recommended that the Board amend OAR 580-40-030 as follows:

(NO: Underline denotes addition; brackets denote deletion.)

Vehicle Safety Rule

580-40-030 (1) The Board of Higher Education, concerned about travel safety, adopts these rules to require institution action to promote safe travel.

(2) For purposes of this rule:
(a) "Vehicle" means cars, vans, trucks, and buses;
(b) "State-owned vehicle" means a vehicle owned by or registered in the name of the State of Oregon, the Board, or any institution;
(c) "Hired vehicle" means a vehicle that is leased, hired, or rented by the State, the Board, or any institution. This definition excludes borrowed vehicles;
(d) "Borrowed vehicle" means a vehicle that is not a "state-owned vehicle" or a "hired vehicle" but that is used on state business. "Borrowed vehicle" includes vehicles owned by employees, students, and others participating in institution activities, and used on state business;
(e) "State business" means any activity for which all or part of the expenses may be reimbursed by any unit, department, or program of the
Department of Higher Education.

(f) "Officially sanctioned program" means any program undertaken to further the instructional, research, or service missions of the institution or designed to promote the cultural and physical development of students. Such programs include but are not limited to:

(A) academic department programs;
(B) co-curricular programs;
(C) intramural, recreational sports, club sports, and intercollegiate athletic programs;
(D) any student programs or activities identified by the institution president or designee. Examples of such activities include, but are not limited to, student government, student housing activities, and activities sponsored by student organizations that are consistent with the institution's mission.

(3) No motor vehicle owned, leased, or controlled by the state shall be used to transport students to an event or activity not directly related to an officially sanctioned program.

(a) Institutions shall develop policies and procedures to implement this rule, including a means to identify officially sanctioned programs.

[(3)] (4) The Board of Higher Education delegates to the institution presidents the authority and responsibility to establish specific rules governing travel safety, subject to the following general guidelines:

(a) Institution rules shall provide procedures for certifying that persons who operate state-owned or hired vehicles on state business possess a valid driver's license and have not been convicted of a major traffic offense as defined in ORS 153.500 within three years of the proposed operation;
(b) Institution rules shall require that vehicles (not including buses) used on state business have operable seat belts for all occupants. Institution rules shall also indicate the circumstances under which additional safety equipment such as a flashlight, ice scraper, first aid kit, emergency instructions, tire chains, etc., will be required;
(c) Institution rules shall indicate the circumstances under which relief drivers and the filing of itineraries will be required;
(d) Institution rules shall apply to state-owned vehicles and to hired vehicles. Institution rules also may apply to borrowed vehicles at the discretion of the institution, giving consideration to enforceability, the nature of the travel, and other relevant factors.

[(4)] (5) Each institution shall file a report with the Office of Finance and Administration by August 31 of each year commenting on the adequacy of the travel safety rules and summarizing the vehicle accidents and injuries that have occurred during travel on state business in the
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preceeding 12 months.

[(5)] (6) Institution travel safety rules and amendments thereto will be effective only upon approval of the Vice Chancellor for Finance and Administration or a designee.

Board Discussion and Action

Mr. Donahue moved and Dr. Aschkenasy seconded the motion to approve the staff recommendation. On roll call vote, the following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden, Evans, Miller, Willis, and Wilson. Those voting no: none.

Executive Summary

Staff proposed an amendment to Oregon Administrative Rules 580-15-010, Definition of Discrimination, and 580-15-090, Procedure for Reporting Discrimination. The amendment adds language defining "sexual harassment" and "other prohibited harassment" and extends the length of time in which students may file sexual harassment claims.

Staff Report

The Board's current Oregon Administrative Rules prohibiting discrimination against students on the basis of age, disability, national origin, race, marital status, religion, sex, or sexual orientation provide that students may file grievances within 180 days of the alleged noncompliance. Based on concerns raised by legislators and others, the University of Oregon requested that the Board modify its rule to allow students to file sexual harassment claims up to 365 days after the alleged harassment occurred. Upon consideration, staff concluded that sexual harassment should be treated like other forms of prohibited harassment and proposed to allow students 365 days in which to file harassment complaints where the harassment is based on a student's age, disability, national origin, race, marital status, religion, or sexual orientation.

Staff also proposed to define "sexual harassment" and "other prohibited harassment" to clarify the types of allegations that will be subject to the extension. The proposed definition is consistent with definitions already in use at OSSHE institutions.
A public hearing was held at 10 a.m., March 30, 1994, on the University of Oregon campus. No individuals attended, and no written testimony was submitted.

Staff Recommendation to the Board

Staff recommended that the Board adopt the following amendments:

( NOTE: Underline denotes addition; brackets denote deletion.)

Definition of Discrimination

580-15-010 For the purposes of [As used in] OAR 580-15-010 to 580-15-160, the terms:

(a) "discrimination" means any act that either in form or operation, and whether intended or unintended, unreasonably differentiates among persons on the basis of age, disability, national origin, race, marital status, religion, sex, or sexual orientation.

(b) "sexual harassment" means any sexual advance, any request for sexual favors, or other verbal or physical conduct of a sexual nature by an OSSHE employee when:

(A) Submission to such advances, requests, or conduct is made either explicitly or implicitly a term or condition of a student's employment or academic experience; or

(B) Submission to or rejection of such advances, requests, or conduct by a student is used as a basis or condition for employment and/or academic decisions affecting the student; or

(C) Such conduct interferes with the work or academic performance of a student because it has created an intimidating, hostile, or offensive working or academic environment for the student who is the object of the conduct and a reasonable person of that student's gender would have been affected similarly to the student.

(c) "Other prohibited harassment" means verbal or physical conduct by an OSSHE employee based on a student's age, disability, national origin, race, marital status, religion, or sexual orientation when such conduct interferes with the work or academic performance of the student who is the object of the conduct because it has created an intimidating, hostile, or offensive working or academic environment for the student and a reasonable person of the student's age, disability, national origin, race, marital status, religion, or sexual orientation would have been affected similarly to the student.
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Procedure for Reporting Discrimination

580-15-090 (1) Each institution and division shall make available a person to serve as a grievance counselor to assist students and others in formulating and following up complaints of alleged prohibited discrimination.

(2) Each Department institution or division shall designate a compliance officer to receive complaints of alleged noncompliance with OAR 580-15-015. Reasonable efforts shall be made to give notice of the name, office address, and telephone number of the grievance counselor and compliance officer to all applicants for and recipients of the services of each Department institution or division.

(3) All complaints shall be made to the compliance officer at the respective institution or division and shall be put into writing by the compliance officer if not submitted in writing, and signed by the complainant. The complaint shall set forth the factual basis of the alleged noncompliance within 180 days or 365 days, if the complaint alleges sexual harassment or other prohibited harassment as defined by OAR 580-15-010(b) and (c) from the date of the alleged noncompliance.

(4) Upon receipt of the complaint, the compliance officer shall promptly deliver copies of the complaint to the president of the institution or head of the division involved and to any individual respondents, and to the Chancellor. The compliance officer shall retain a copy of the complaint in files established at the institution or division for that purpose.

Board Discussion and Action

Dr. Aschkenasy observed that it was unlikely that someone wouldn't know they had been harassed for that period of time. Ms. Melinda Grier responded, "No. I think the issue is whether it would take more time for a student to feel comfortable in filing the complaint as opposed to knowing whether they've been harassed."

Dr. Aschkenasy asked Ms. Grier if providing a longer timeline would actually have negative implications for the testimony of the witness. "Aren't you concerned about fairness to the harassers?"

"That's a real concern," Ms. Grier responded, "and that's what we weighed when deciding this. Part of the problem is that students may need to get through a course, and course sequences could be three terms long. So that gives a year to complete a course. But it is something we weigh. Initially we had the 180-day timeline just for the concern that people's memories waver. This is an attempt to balance those two issues."
Mr. Donahue moved and Mr. Bailey seconded the motion to approve the staff recommendation. On roll call, the following voted in favor: Directors Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none. Those abstaining: Director Aschkenasy.

Introduction

Southern Oregon State College requested authorization to offer a Bachelor of Science degree in Environmental Studies. The proposed program will be offered by the School of Science in consultation with the departments of biology, chemistry, geography, and geology, with augmentation from mathematics and the social sciences. No new administrative unit will be required.

The proposed program is possible through a reorganization of existing courses and faculty positions in the School of Sciences and responds to the increasing demand by students for an environmental studies program. This program was under development in 1991 but delayed by Measure 5-related planning until program reductions and reorganizations could be effected and resources to support the effort clearly identified.

The Environmental Studies program is designed to provide its majors the broad, competitive background necessary to understand environmental systems. It is intended to develop comprehensive approaches to environmental thought, issues, and problems.

The proposed program will prepare students for jobs in federal and state agencies as well as in private consulting and engineering companies. There are several external developments in southern Oregon that provide a positive context for this program at the college. The Applegate Partnership (a joint program of the Bureau of Land Management, U.S. Forest Service, timber companies, and environmental groups), the U.S. Fish and Wildlife Service Forensic Laboratory, and the new Pacific Northwest Museum of Natural History will provide both undergraduate research opportunities and potential employment.
A copy of the proposal was included in the supplementary materials section of the docket. Additional information is on file in the State System Office of Academic Affairs.

**Staff Analysis**

1. **Relationship to Mission**

   The proposed program is supportive of the mission of Southern Oregon State College to provide residents of the region with a rigorous, vibrant, and challenging undergraduate liberal arts and sciences program, together with undergraduate and graduate preparation in selected professional fields. The proposed program is also supportive of the College’s responsibility as a leader and investment partner in the economic, cultural, and environmental future of the Rogue Valley.

2. **Evidence of Need**

   In the past few years, there has been a demonstrated and growing awareness of, and concern for solutions to, environmental problems at national, state, and local levels. Topics involving ecology, surface and groundwater flow, pollution, and conservation are best understood from the viewpoint of physical and biological sciences, yet must be moderated with an understanding of other subjects such as economics, mathematics, sociology, and political science. Currently, no single program at Southern Oregon State College provides a broad, integrated approach to environmental studies. The proposed program will fill that need.

3. **Quality of the Proposed Program**

   The quality of the proposed program is assured by the quality of the participating faculty and the well-conceived program objectives and course of study.

4. **Adequacy of Resources to Offer the Program**

   Faculty. In the budget reductions and reorganizations resulting from passage of Measure 5, some faculty positions were restructured with the intent of moving toward specific goals. Recently filled positions in departments affiliated with the proposed program
have allowed faculty strength to be built in the direction of environmental studies. No additional faculty will be needed to implement the proposed program. However, several replacements due to upcoming retirements will undoubtedly occur.

**Library.** The major additional library requirement for the proposed program will be for specialized materials covering topics encompassing environmental studies. Specifically, the library will need to provide an indexing or abstracting service covering environmental materials, relevant journal literature, and significant monographs in the field. The cost of these additions will be approximately $2,500 for books and journals and an additional $1,500 for the index, for a total annual cost of $4,000 plus inflation.

**Facilities and Equipment.** The College currently has the buildings, equipment, and laboratories necessary to offer the proposed program. No additional facilities are required.

**Budget Impact.** The proposed program will draw on existing courses taught by faculty in the School of Sciences. The only budget impact will be in the area of library resources. Funds in the amount of $4,000 per year, plus inflation, will be provided from part-time faculty enrollment reserves.

5. **Duplication**

Portland State University offers an Environmental Sciences and Resources degree, but only at the Ph.D. level. Environmental Studies is offered at the University of Oregon as an interdisciplinary minor. Environmental Resource Interpretation is an option within the Forest Recreation Resources program at Oregon State University.

The interdisciplinary baccalaureate program in Environmental Sciences at Oregon State University, approved by the Board in October 1992, has some similarities to the proposed program. However, the proposed program is not interdisciplinary and contains only biology, chemistry, geology, and geography as structured option areas in the major, without including a minor.
The proposed program will serve the regional needs of students who are seeking a strong undergraduate degree with an environmental emphasis who would not, or could not, attend institutions in the Willamette Valley.

Program Review

The proposed program has been reviewed by colleagues at Oregon State University and Portland State University and by representatives of the Bureau of Land Management, the U.S. Forest Service, timber companies, environmental groups, the U.S. Fish and Wildlife Service Forensic Laboratory, and the new Pacific Northwest Museum of Natural History. Many of the suggestions made by these reviewers have been incorporated into the program design. The reviewers stressed the importance of a broad undergraduate base, as opposed to focusing on a set of specific skills. The proposed program is consistent with that vision. The program proposal has also been reviewed positively by the Academic Council.

Staff Recommendation to the Board

Staff recommended the Board authorize Southern Oregon State College to establish a program leading to the Bachelor of Science degree in Environmental Studies, effective fall term of 1994, with a follow-up review of the program to be conducted by the State System Office of Academic Affairs during the 2000-2001 academic year. The proposal should be placed on the consent agenda for final action at the May Board meeting.

Board Discussion and Action

Vice Chancellor Clark provided contextual information, reminding the Board that in the first two rounds of Measure 5, the Board had approved the elimination or suspension of approximately 100 degree programs. "Over that same period of time (three-plus years), we have added only 19 programs, so our net program loss stands at about 81. This has caused serious repercussions for sustaining our enrollment. Programmatic changes continue to evolve, however, and by design we have a number of new programs in the pipeline."

Mr. Bailey moved and Mr. Miller seconded the motion to approve the program and place it on the consent agenda for the May meeting. The following voted in favor: Directors Aschkenasy, Bailey, Christopher,
PRESIDENTIAL SEARCHES

Background

At its October 11, 1993, meeting, the Executive Committee discussed proposed changes to the presidential search policy. The Committee focused on the role of the Board in the searches and in a schedule that would reduce the length of the search and selection procedure. Those recommendations were approved by the full Board at the meeting on October 22, 1993.

Since that time, the Interinstitutional Faculty Senate has discussed the policy and presented recommendations for policy amendments as follows:

(NOTE: Material to be deleted is highlighted; material to be added is double underlined.)

PRESIDENTIAL SEARCH PROCESS

(Adopted by the Oregon State Board of Higher Education, Meeting #535, March 21, 1986, pp. 122-130; amended Meeting #560, February 17, 1988, pp. 64-70, and Meeting #570, October 21, 1988, pp. 564-570; Meeting #581, October 20, 1989, pp. 457-463; Meeting #623, October 22, 1993, pp. 500-508. The process approved by the Board is presented below in narrative form. See also discussion, Meeting #558, December 18, 1987, pp. 602-609.)

Introduction

The following policy outlines the process to be followed in the search for and selection of presidents for Oregon's eight public four-year colleges and universities. The purpose of the policy is to assure that the selection of institutional presidents is carried out in a clearly understood, timely, and effective manner. In designing the presidential search process, the State Board of Higher Education was guided by its Internal Management Directive 1.020(1), which provides that: "The Chancellor shall make recommendations to the Board, in which rests the sole power of decision, concerning the selection, appointment ... of Presidents...." The Board considered many factors including the traditions for selecting presidents in Oregon, institutional needs, resources, and leadership requirements. Particular attention was given to balancing the need to guarantee candi-
dates' confidentiality to keep them in the search process and the desirability of having candidates meet a broad cross-section of the campus community. This policy on the presidential search process was first adopted by the State Board on March 21, 1986, and was modified on February 17, 1988, and on October 22, 1993.

The Board

When it becomes necessary to hire a president, the Board, in consultation with the search committee, will review the current position description and modify it, as appropriate. The Board will also develop a statement of preferred qualifications in consultation with the search committee. At the Board's direction, the Chancellor will, using the position description and preferred qualifications, initiate the procedures provided in this policy to identify candidates for consideration by the Board.

The Search Committee

A single search committee shall be responsible for assisting the State Board by identifying and recruiting possible candidates for the position of president. The State Board retains the responsibility for the selection of institutional presidents. The direct costs of the presidential search shall be borne by the institution.

Members of the search committee shall be appointed by the Chancellor. The search committee shall be composed of three Board members, four faculty members, one student, one administrator, a community member, and an alumni representative. The president of the Board shall recommend members of the Board to serve on the search committee. The appropriate faculty body or bodies of the institution shall be asked to nominate eight persons to the Chancellor, who will choose four to serve. The other four will be designated as alternates, to be called on only if those designated members are unable to serve on the search committee. Similarly, the president of the student body shall be invited to nominate two students, with one being chosen to serve and the other designated as an alternate. Administrators will be asked to nominate two campus administrators, typically deans, directors, or vice presidents, one to be named to the committee and one to serve as an alternate. The community representative and alumni representative will be selected after the Chancellor consults with institutional officials and the alumni organization. In selecting members of the search committee, the Chancellor shall be mindful of the
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The desirability of having women and minority representation on the search committee.

The president of the Board shall serve ex-officio without vote. Unless a public meeting is announced, however, no more than five Board members may be present at any committee meeting. The president should retain the degree of detachment that will enable the exercise of impartial leadership through the final selection process.

The Chancellor and an affirmative action officer appointed by the Chancellor shall serve as consultants to the committee and may attend its meetings.

The Chancellor, in consultation with the president of the Board, shall appoint one of the Board members to serve as the committee chair. In order to keep the names of the candidates confidential, only the chair of the search committee or a designee shall speak on behalf of the committee to the press or others concerning the progress of the search.

The Chancellor shall appoint a vice chancellor who shall serve as liaison between the Board, the Chancellor's Office, the search committee, and the institution.

The Search Coordinator

The vice chancellor, in consultation with the search committee chair, the president of the institution, and the Chancellor, may appoint a search coordinator whose duties include: (1) handling all of the logistics involved with the meetings of the search committee, including making appropriate arrangements for the visits of candidates; (2) preparing correspondence for the committee and the chair; (3) maintaining the records and files and keeping minutes of search committee meetings. Although not members of the search committee, the coordinator and the vice chancellor are expected to attend most of the search committee meetings.

The Charge

The Chancellor shall give the search committee a written charge spelling out the committee's responsibilities and authority. The charge should include an approximate date for the committee to submit its nominations to the Chancellor, the number of candidates to be recommended, and the information the committee should provide on each candidate.
The Responsibilities of the Search Committee

1. **Review Statement of Qualifications**

The search committee, after consulting with the Board in the Board's development of a job description and statement of qualifications, should review the Board's position description and statement of qualifications, and recommend any modifications. The committee shall invite comments from concerned groups and individuals (faculty, students, administrators, alumni, members of the community, etc.). The committee chair shall then consult with the Board regarding any search committee recommendations for changes.

The statement of qualifications, along with the institution's mission statement, excerpts from the State Board's Administrative Rules and Internal Management Directives concerning the authority and responsibilities of the president, and other descriptive materials about the institution should be sent to all nominees and applicants for the position.

2. **Solicit Nominations and Applications**

A vacancy announcement shall be prepared by the coordinator, based on material received by the search committee from the Board. It shall appear in at least two weekly issues of the *Chronicle of Higher Education*. Nominations shall be sought aggressively from institutional faculty and students, other State System presidents and personnel, regional and national educational leaders, regional and national educational organizations, and other leaders in the community, state, and nation.

Advertisements for the position shall include a deadline for the submission of applications and nominations. The search committee shall decide the deadlines for the receipt of materials needed by the committee to assure its screening of candidates who meet the deadline.
3. **Screen**

The task of the search committee is to recommend to the Chancellor three to five people, any one of whom would be satisfactory to the search committee.

The screening process is divided typically into four distinct stages. The first screening consists of reviewing applications and nominations and identifying those that meet the minimum qualifications for the position. If there are relatively few applicants, the entire committee may participate in this stage of the screening process. If there are a large number of applicants, the committee may choose to use one or more subcommittees to undertake the initial screening.

The second stage of the screening process involves a more thorough review of the candidates meeting the minimum requirements for the position. References are checked and the committee may choose to talk with some of the candidates by telephone. The goal at this stage is to narrow the list of candidates down to 10-15 candidates who will be given careful consideration by the committee.

The third stage is critical for the success of the process. The search committee needs to collect a great deal of information about the remaining 10-15 candidates and, at the same time, assure that the names of the candidates remain confidential in order to keep them in the pool. At this stage, the committee may talk to the candidates, talk to references, send one or more members to visit candidates, or if necessary, invite candidates to meet the campus search committee. The goal at this stage is to identify a group of semi-finalists who will be invited to campus for interviews.

When the semi-finalists are invited to the campus for interviews, the search committee shall be responsible for the campus visit. At this stage it is important to protect the confidentiality of the candidates by keeping meetings as private as possible. Typically, each candidate will be interviewed by the search committee, a campus screening committee, and a limited number of other people who can assist the search committee with its evaluation of the candidate.
The campus screening committee shall be selected by the search committee and consist of six faculty members, three department heads, three deans or directors, and two students (one of whom should be a graduate student, if appropriate). The search committee shall seek nominations for the campus screening committee from appropriate campus organizations. The search committee shall establish the time, place, format, and confidentiality of meetings of candidates and the campus screening committee. The campus screening committee is advisory to the search committee. The campus screening committee should not rank candidates. It should provide the search committee with an evaluation of the strengths and weaknesses of all the semi-finalists it interviews.

The fourth stage consists of selecting three to five finalists and preparing the search committee’s report to the Chancellor.

4. **Recommend**

Following the campus interviews, the search committee shall recommend three to five finalists to the Chancellor. The search committee’s recommendations should be accompanied by a detailed report on the strengths and weaknesses of each candidate, especially in terms of the desired qualifications for the position. The report may include summaries of the evaluations of the campus screening committee and other individuals and groups who provided information about the candidates to the search committee. The recommendations from the search committee shall be unranked.

**Board Selection**

When the Chancellor receives the search committee’s recommendations and report, times will be set for the finalists to be interviewed by the Chancellor and by the Board. The Chancellor’s Office shall prepare a news release on the finalists to be interviewed by the Board and make that available to the press three days before the Board meets with the finalists. During the three days before the Board interviews, the finalists shall be invited to campus to meet faculty, administrators, and other campus and community members. Campus representatives will be responsible for conveying information from these meetings to the Board through the Chancellor’s Office.
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The Chancellor shall interview the committee's finalists prior to the public announcement of the names of candidates to be interviewed by the Board. The Chancellor shall have the authority to narrow the field of candidates, but could do so only after consulting with the search committee. In no case could he or she add names to the list of finalists. The Chancellor shall also have the authority to rank the candidates to be interviewed by the Board.

Following the Board's interviews with the finalists, the Board shall meet in executive session to rank the nominees in priority order and to direct the Chancellor to negotiate with the Board's first choice. If the first choice does not accept the Board's offer, the Chancellor shall seek further advice from the Board before contacting the second choice.

When the Chancellor has negotiated an acceptable appointment, the Board shall hold a special or regular meeting, which is open to the public, to vote on the selection of a president.

Staff Recommendation to the Board

Staff recommended the Board incorporate the changes presented by the Interinstitutional Faculty Senate and amend the policy on presidential searches as noted above.

Board Discussion and Action

Ms. Wilson noted that the amendments to the policy on presidential searches were submitted by the Interinstitutional Faculty Senate for the purpose of clarifying language.

Ms. Christopher moved to approve the staff recommendation. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.

QuARTERLY
AUDIT REPORT

The Internal Audit Division submitted the Quarterly Audit Report: January, February, and March 1994. This report presents (1) the third quarter results and (2) the status of the 1993-94 Internal Audit Plan.

Ms. Stacy Pearson, director of the Internal Audit Division, indicated that Deloitte and Touche had been selected as the firm to conduct external
audits for 1994. Authorization to use an external firm has resulted in savings of approximately $234,000.

(No Board action required)

The past six months saw significant activity on Board-approved capital construction projects, with 27 projects either first authorized or changing status. The following table portrays the status of all active capital construction projects. A few are listed as complete, meaning that they are occupied and all artwork, accounting, construction claims, and other transactions have been finished.

Nine projects were completed during the past six months: the Science Facilities project and the EMU Outdoor Storage Building at the University of Oregon; the building planning effort at Western Oregon State College; the Dixon Aquatic Center, the renovation of oceanography laboratories in Burt Hall, and the Science Facilities Rehabilitation Project at Oregon State University; the Cascade Cafeteria project at Southern Oregon State College; the rehabilitation of Parking Structure I at Portland State University; and the multi-dimensional Systemwide repair and modification project approved by the Emergency Board in late 1990. These projects will not appear on the next semi-annual report.

Facility completion and occupancy occurred on several projects. These included the cold storage addition at the Mid-Columbia Agricultural Experiment Station, the expansion effort at the Dotter Institute at Oregon Health Sciences University, and the first phase of the student housing project at the University of Oregon.

Eight projects moved into construction during the past six months. These included the Hoke Hall Addition at Eastern Oregon State College, many of the deferred maintenance projects for which bonds were sold late last fall, and several smaller efforts. Contract award was pending on the large addition to University Hospital’s C-Wing at the time this report was prepared. However, protests may delay this project.

Design work began on seven projects during the past several months.

Construction claims have been received associated with the construction of the Basic Sciences Addition/C.R.O.E.T. facility at Oregon Health Sciences University. These matters are being resolved with the assistance of the Department of Justice. Mediation is scheduled for mid-May.
Mediation also is slated for late April regarding the University of Oregon's disagreements with the architect originally selected to work on the student housing project. The architect's contract was terminated early this year.

Construction cost escalation has become evident on many of the smaller projects bid during the past few months. As yet, this not-so-desirable sign of economic growth has not adversely affected bids for large projects (those with budgets of at least $10 million).

**CURRENT CAPITAL CONSTRUCTION PROJECTS**

Balances as of February 28, 1994

($ in thousands)

<table>
<thead>
<tr>
<th>College/Univ.</th>
<th>Project Name</th>
<th>Fund Source</th>
<th>Limitation/Appropriation</th>
<th>Balance</th>
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<td>UO Knight Library Addition</td>
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<td>UO Longhouse</td>
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<td>UO North Campus Relocation</td>
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**Meeting #627**  
**April 22, 1994**

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<th>Percent</th>
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<td>OHSU Dotter Expansion</td>
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### 1993-1995 Projects

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<td>SYS Academic Modernization</td>
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<td>SYS Handicap Improvements</td>
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<td>Part Transf.</td>
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<td>SYS Land Acquisition</td>
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<td>SOSC KSOR Improvements</td>
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<td>71</td>
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<td>OSU Memorial Union Renovation</td>
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<td>OSU Langton/Women's Access</td>
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<td>UO International College</td>
<td>GF/Housing/Lottery</td>
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* Indicates change in status since previous report.

(No Board action required)
SUMMARY OF FACILITIES CONTRACTING ACTIVITIES

April 22, 1994

Staff Report to the Board

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

Contracts for Professional Consulting Services

HMSC Student/Faculty Housing, OSU
An agreement was negotiated with Poticha Architects for program review and design services not to exceed $20,690 for basic services. Financing will be provided from gifts.

Laboratory Theater, OSU
An agreement was negotiated with Settecase Smith Doss Architecture for design services not to exceed $48,270. Financing will be provided from gifts.

Langton/Women’s Building ADA Upgrades, OSU
An agreement was negotiated with RSS Architecture for program review and design services not to exceed $29,421. Financing will be provided from state funds.

Memorial Union Commons Renovation, OSU
An agreement was negotiated with Boucher Mouchka Larson Architects for program review and design services not to exceed $174,080. Financing will be provided from auxiliary enterprises balances.

Seafood Research Laboratory and Consumer Education Center, OSU
An agreement was negotiated with SRG Partnership, P.C., Architects for program review and design services not to exceed $473,180. Financing will be provided from federal grant funds.

Award of Construction Contracts

Ambulatory Research and Education Center, Structural Steel Procurement Project, OHSU
On March 3, 1994, Fought and Company, Inc., was awarded a contract for this project in the amount of $836,086. Financing will be provided from federal funds.
Cramer and Neuberger Halls Reroofing Project, PSU
On February 17, 1994, Snyder Roofing & Sheet Metal, Inc., was awarded a contract for this project in the amount of $240,411. Financing will be provided from capital repair and deferred maintenance funds.

Cordley Hall Piping Replacement Project, OSU
On February 2, 1994, Terry Hackenbruck Construction was awarded a contract for this project in the amount of $656,000. Financing will be provided from capital repair funds.

Dental School Renovation of Rooms 502, 503, 504, & 505 Project, OHSU
On March 1, 1994, Columbia-Cascade Construction, Inc., was awarded a contract for this project in the amount of $61,300. Financing will be provided from state funds.

Fairbanks Hall Exterior Restoration Project, OSU
On February 4, 1994, Dale Ramsay Construction Company was awarded a contract for this project in the amount of $874,588. Financing will be provided from capital repair funds.

Hoke Hall Remodel Project, EOSC
On February 23, 1994, Dale Ramsay Construction Company was awarded a contract for this project in the amount of $2,038,929. Financing will be provided from Article XI-F(1) bonds funded by housing funds and building fees.

Marquam II HVAC Upgrade Project, OHSU
On March 2, 1994, Pacific Coast Construction was awarded a contract for this project in the amount of $112,040. Financing will be provided from capital repair funds.

Residence Halls Storage and Maintenance Building Project, SOSC
On March 2, 1994, Adroit Construction Company, Inc., was awarded a contract for this project in the amount of $918,000. Financing will be provided from Article XI-F(1) bonds funded by housing funds.

Strand Hall Reroof & Cornice Repair Project, OSU
On February 8, 1994, McKenzie Commercial Contractors, Inc., was awarded a contract for this project in the amount of $782,400. Financing will be provided from capital repair funds.
University Hospital South 7B Occupational/Physical Therapy Project, OHSU
On January 20, 1994, Baugh Construction Oregon, Inc., was awarded a contract for this project in the amount of $368,635. Financing will be provided from Article XI-F(1) bonds.

University Hospital South 12A Floor NICU/INCU Project, OHSU
On January 4, 1994, Baugh Construction Oregon, Inc., was awarded a contract for this project in the amount of $1,810,000. Financing will be provided from Doernbecher gift funds and Hospital bonds.

Acceptance of Projects

Agricultural Sciences II Building DDC System Project, OSU
This project is complete and was accepted on December 22, 1993. The final direct construction costs were $589,733. Financing was provided from state and federal funds -- gifts and grants.

Batcheller Hall and Covell Hall Reroofing Project, OSU
This project is complete and was accepted on February 9, 1994. The final direct construction costs were $196,307. Financing was provided from state funds.

Campus Reporting System Upgrade Project, UO
This project is complete and was accepted on February 15, 1994. The final direct construction costs were $154,055. Financing was provided from capital repair funds.

Carson Hall Food Service Upgrade Project, UO
This project is complete and was accepted on December 15, 1993. The final direct construction costs were $98,791. Financing was provided from housing department maintenance reserves.

Environmental Computing Center Project, OSU
This project is complete and was accepted on February 18, 1994. The final direct construction costs were $1,484,742. Financing was provided from Article XI-F(1) bonds repaid from federal indirect cost recovery.

Lawrence Hall Reroofing Project, UO
This project is complete and was accepted on January 1, 1994. The final direct construction costs were $432,373. Financing was provided from capital repair funds.
Riley Hall Elevator Replacement Project, UO
This project is complete and was accepted on March 1, 1994. The final direct construction costs were $46,692. Financing was provided from housing department maintenance reserves.

Riley Hall Accessibility & Repair Project, UO
This project is complete and was accepted on March 1, 1994. The final direct construction costs were $151,057. Financing was provided from housing department maintenance reserves.

(No Board action required)

Background

In March 1991, the Board approved a program transfer plan between the Schools of Education at the University of Oregon and Portland State University. The transfer plan was part of a Systemwide reorganization effort in Teacher Education initiated in response to the first wave of Measure 5 budget reductions. The plan derived from the proposed closure of the University of Oregon's Department of Curriculum and Instruction and provided an aid to achievement of academic as well as financial objectives. Under the plan approved by the Board, it was proposed that the Curriculum and Instruction program, together with a critical mass of University of Oregon tenured faculty, be transferred to Portland State University. Curriculum and Instruction is a field of study that examines relationships between teaching and learning, schools and the community, and education and societal goals.

Important factors in development of the transfer plan were the need to preserve doctoral program opportunities in Curriculum and Instruction in Oregon and the need for Portland State University to continue to offer a large, post-baccalaureate teacher preparation program to serve the needs of the Portland Metropolitan area. An additional consideration was that Portland, with its urban setting and diverse population, could provide a realistic laboratory setting for educational issues and problems with which curriculum and instruction programs deal.

The Curriculum and Instruction major of the Doctor of Education (Ed.D.) offered by the School of Education at Portland State University emphasizes educational research that has clear and direct implications for social change through the improvement of both the curriculum and the instruction found in educational settings. Central to the University’s agenda is the
promotion of equity, diversity, tolerance, excellence, and lifelong learning. Program faculty are active in research that examines relationships among the school, community, and workplace. Research on innovations in the practices and principles of teaching and learning that empower students, especially in groups with traditionally low socioeconomic status and political impact, will be emphasized. Portland, Oregon, with its diverse educational settings, provides an excellent laboratory for the study of change in education characterized by the complexity of a metropolitan area. The School of Education specifically encourages collaboration among university students and faculty and the larger educational community. Oregon’s leadership in educational innovation has gained national recognition for its emphasis on workforce issues, integrated curriculum, reflective practice, nontraditional assessment of learning, and coordination of social and educational services in communities.

Negotiations and planning for the program transfer occurred over a period of several months with the active participation of tenured faculty in the targeted program. An agreement was reached in 1992. Funding lines for six faculty positions were transferred from the University of Oregon to Portland State University. Tenured faculty in Curriculum and Instruction at the University of Oregon were given the option of transferring to Portland State University to fill those positions. Two of the eligible faculty exercised the option, and four new faculty were subsequently hired by Portland State University to fill the remaining positions.

Status Report

With all six of the transferred faculty lines filled, Portland State University is now able to offer an Ed.D. in Curriculum and Instruction. This offering provides a second major option under the existing Doctor of Education degree at Portland State University. The other major available to doctoral students in the School of Education is Educational Leadership with subspecialties in either Administration and Supervision or Postsecondary Education.

The Doctor of Education degree is an offering of the School of Education under the general oversight of the Office of Graduate Studies and Research and the Graduate Council of Portland State University.
The budget resources needed to establish the new major have been provided by the transfer of faculty positions from the discontinued program at the University of Oregon. No additional funds are needed.

(No Board action required)

After the Board of Higher Education approved the Second Language College Admissions Requirement at the February 26, 1993, Board meeting, with implementation to be effective for 1997-98, the Chancellor's Office initiated a number of activities:

1. Establishment of Four Language Committees. Four committees (Spanish, French, German, and Japanese) were established in consultation with the Oregon Department of Education. Each committee consists of 8-10 members: three to four K-12 teachers, three to four higher education faculty, and one to two representatives from community colleges. Each committee is chaired by a faculty member from an OSSHE institution:

   Spanish: Ray Verzasconi, Chair, Foreign Languages and Literature, Oregon State University

   French: Jay Siskin, Associate Professor, Romance Languages, University of Oregon

   German: Susan Anderson, Associate Professor, Germanic Languages and Literatures, University of Oregon

   Japanese: Patricia Wetzel, Professor, Japanese, Portland State University

To date, committees have met in plenary session twice, on November 29, 1993, and February 25, 1993. A third plenary meeting is set for May 6, 1994. Committees have also met in subgroup sessions.

At the May 6 meeting, Dr. June Phillips, Project Director of National Standards in Foreign Language Education (a collaborative project of the American Council on the Teaching of Foreign Languages, the Association of Teachers of French, the American Association of Teachers of German, and the American Association
of Teachers of Spanish and Portuguese -- funded by a grant from the U.S. Department of Education and the National Endowment for the Humanities) will meet with the OSSHE committees. The purpose of this session is to enable the committees to hear about national standards development and receive advice about their work.

Preliminary recommendations on the proficiency levels will be reviewed at the May meeting, with a report on proficiency standards developed in consultation with the Oregon Department of Education (ODE) for presentation to the Board of Higher Education in summer 1994. Work on assessment approaches will begin after proficiency standards are developed.

2. Establishment of an Executive Committee to Foreign Language Proficiency Standards Committee. A committee made up of representatives from the ODE, Office of Community College Services, OSSHE teacher education institutions, and others, was established to provide oversight to the Chancellor's Office in implementation activities.

3. Establishment of Statewide Foreign Language Review Groups. Teachers at the K-12 level as well as faculty at community colleges and four-year institutions were contacted by letter to determine if they would be interested in participating in a review role once the four language committees produced preliminary recommendations. A list of review committee members was subsequently compiled and provided to Chairs (58 on the Spanish Review Committee, 18 on the German Committee, 22 on the French, and 9 on the Japanese).

4. Ongoing Consultation with the Department of Education. Staff from the ODE are ongoing participants of OSSHE’s language committees and provide regular progress reports on the ODE’s developments in determining proficiency levels that will be recommended to the State Board of Education to fulfill the requirements of the second language component of the Certificate of Initial Mastery. A Second Language Symposium was held by the ODE on March 30-31, 1994, to address the following questions:

- What do we want students to know and be able to do?
By what year should this level of proficiency be met?

What should each student know and be able to do at each benchmark?

On April 21, 1994, there will be a presentation to the Board of Education with a request for a "primary start" option with second language outcomes to be met in the year 2003. On June 23, 1994, there will be another presentation on developments to the Board of Education.

Agreements have been made to compile a single report for both boards of education that outlines developments in K-12 and the college proficiency admissions requirements.

5. Strengthening Precollege Instruction in Japanese Language and Culture. On March 17, 1994, the Oregon State System of Higher Education was officially presented with an award from the Sasakawa Foundation in the amount of $498,000 to fund three projects to be completed over a three-year period, to:

- Develop a network of language teachers for the purpose of shared teaching approaches (a network by geographical location and by teaching level -- elementary, middle, and high school).

- Assess students' performance at various grade levels in Japanese throughout the state to assist in setting statewide expectations for performance.

- Undertake curriculum development work needed by teachers in K-12, to include sharing of materials and developmental work in curricular "gap" areas identified by teachers.

These were needs identified by a 26-member statewide task force that worked with the Vice Chancellor for Academic Affairs for more than a year.

The Chancellor's Office is presently determining the staffing plan for the Sasakawa project. On April 9, 1994, staff met with
teachers at the annual meeting of the Oregon Association of Teachers of Japanese held in Portland to review the purposes of the grant. A project is now underway to identify all of the teachers statewide and to create a map of their locations and teaching levels as a precursor to grouping teachers in regional teams for the project.

6. Co-Sponsoring Proficiency Workshop with the Confederation of Oregon Foreign Language Teachers (COFLT). COFLT's 1994 workshop on Language Proficiency will be held October 14-15, 1994, in Salem. This will be an intensive, two-day program specially designed to meet Oregon's language proficiency requirement. The workshop will feature Dr. June Phillips, Chair of the National Standards Project in Foreign Language, and other nationally known leaders in the field of second language proficiency. Up to 300 teachers will be able to participate in this project. OSSHE is contributing toward the costs of the overall conference, along with other sponsors including the Oregon Department of Education and the American Council on Teaching of Foreign languages.

7. Involvement in the Proficiency-based Admission Standards Study (PASS). Foreign language is included as one of the proficiency content areas in the PASS project. This project occurred after the Board's adoption of a college second language admissions requirement. Efforts have been made, therefore, to bring the foreign language activities into the larger PASS project. This has included involving foreign language faculty in meetings of the PASS review panels. A meeting on April 29, 1994, with representation from all education sectors, will be held to review all the proficiencies; foreign language will be included.

8. School District and Campus Inquiries. Since the Board's adoption of a second language college admissions policy, Chancellor's Office staff have been contacted by numerous school districts about the policy and its implications for K-12 students. Some districts are in the process of cutting back their foreign language programs in response to Measure 5 budget limitations.

Questions have also come from OSSHE campuses about the intention to treat students who enroll in introductory college language after completion of two years of high school language as "remedi-
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al" in 1997. Given the uncertainties of strengthening language instruction in K-12 within the current budget climate, we may need to review the issue of remediation with the Board. Until such time as proficiency standards are set, assessment approaches determined, and better assurance from school districts that they are ready to fully implement language components as part of the Certificate of Initial Mastery, we will continue to have challenging issues of implementation before us. These issues will be presented to the Board of Higher Education in the summer 1994 report.

(No Board action required)

PUBLIC AFFAIRS

Mr. Grattan Kerans reported that there have been two productive visits with legislative interim committees. The Chancellor and Vice Chancellor Clark appeared before the House Education and Senate Education Committees.

In addition, staff are continuing to visit legislators around the state. By mid-June they will have met with all incumbent legislators and contacts with candidates will begin. Mr. Kerans indicated there is a high level of interest in the 2010 vision statement and the public corporation. Initial reaction has been extremely favorable, although legislators are delaying their support until they learn more about the details of the proposal.

"The one thing that has occurred in reaction to the proposal is people saying, 'if you can save that much money, why haven't you done it already?' It is a wonderful entree for the Chancellor to point to the great big block of statutes and say, 'I can't repeal or amend any of these. I need your help.' The savings all flow from legislative action, otherwise there will be no savings."

(No Board action required)

COMMITTEES

Background

In September 1993, the Board appointed a 19-member Higher Education Advisory Panel. Appointed from around the state, the members represented the business community, legislature, community colleges, faculty, and six members of the Board. The charge to the Panel was to assist in developing a long-range plan for public higher education in Oregon. Over a six-month period of time, the meetings of the Panel:
Focused on acquiring general background information about the System;
- Sorted out, from a large number of items, those areas around which, in the Panel's estimation, planning should occur. Included were:
  - Access/geographic focus
  - Education in the future
  - Public support/state funding
  - Relating to others
  - Productivity
  - Central controls
  - Role of research

The final product of the Panel's work is included in the document, *Education Unbounded: A Vision of Public Higher Education Serving Oregon in the Year 2010*.

Staff Recommendation to the Board


Board Discussion and Action

Mr. Donahue moved and Ms. Christopher seconded the motion to approve the staff recommendation. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Donahue, Lee, Madden Evans, Miller, Willis, and Wilson. Those voting no: none.

Mr. Miller reported that the Portland State University Introspect study has been completed. The report of the University of Oregon administrative review is also being finalized. Both reports will be presented at the May Board meeting.

Mr. Donahue indicated that work is continuing on developing messages and strategies to deliver those messages. The committee is meeting next week.
Mr. Bailey reminded the Board of the Joint Boards meeting scheduled for May in Klamath Falls. The main topic will be student access. "We'd like the Board's input whether we continue on this path or not because it entails a much greater degree of cooperation and sharing of resources among community colleges, higher education, and the K-12 system." He also noted that an update on teacher education will be part of the agenda, as well as a report from the Joint Articulation Commission.

WORK SESSION
President Wilson called on Dr. Bill Danley, president of the Interinstitu­tional Faculty Senate (IFS), for a report of that body. Dr. Danley echoed others who expressed support for the concept of the public corporation. In a statement prepared for the Board, the IFS indicated it shared with the Board the important common purpose: "to work toward establishing and maintaining the best system of higher education possible within the constraints given us by the legislature and the public.

IFS Report
"I believe that it is time to communicate to the legislature the message that the cuts we have experienced have been painful, they have resulted in losses that will ultimately be felt by students and the public, and which are already being felt. The proposed move to a public corporation model is an example of an effort to produce savings with a minimum of costly cuts. The IFS believes that reductions in or elimination of wasteful and duplicative purchasing regulations, the simplification of complex, multi­layered and sometimes contradictory guidelines for conducting business transactions, and the elimination of just plain slow, bureaucratic proce­dures will be a welcome change."

Dr. Danley outlined the IFS concerns about the move to a public corporation.

1. There is a lack of detail concerning the areas where the estimated $20 million savings over the next biennium would derive. On the one hand, that represents a substantial savings and on the other, compared to the overall shortfall for the biennium, the IFS indicated it appeared small.

2. What is unique about higher education that makes us benefit from becoming a public corporation while other state agencies remain as before?

3. Will the public corporation simply replace one bureaucracy with another?
4. How will the proposed addition of Board members affect higher education?

5. With increasing attacks on faculty benefits, tenure, retirement options, and workloads, the IFS wants to know more about how the proposal would affect day-to-day operations and negotiations.

6. It is proposed that the $20 million in savings could be translated into access for 2,000 additional undergraduate students. Does this send the message to the public that we can absorb the first phase of Measure 5 by trimming programs and the second phase by making administrative changes, and in the third phase we can not only save money but can also add more students to the System?

"The IFS believes that, without whining, we need to tell the legislature and the public that cuts in budget result in cuts in services. Higher education benefits everyone in the state, and although we recognize there are other competing needs, we must be more forceful in seeking our share of the state budget, to be more candid about the limitations of the ability of technology to solve budget problems, and in general to be more straightforward about the negative effects of this series of budget cuts on the health of the System. If we think education is expensive, we have only to consider the alternative -- ignorance," Dr. Danley concluded.

Vice Chancellor Weldon E. Ihrig began an overview of the proposed legislation for forming a public corporation by indicating that this move is planning for the future, not thinking about how business was conducted in the past. The present effort is directed at trying to set a new, stable foundation for the way in which the State System does business. Mr. Ihrig underscored the importance of not calling this plan "privatization. It (the State System) remains a state entity; it does not change the legislative relationships of the State System as one of the entities that goes to the legislature for resources.

"This is not a subversive plot on the part of the Chancellor’s Office to become a large organization. A public corporation model is a step in designing new ways of doing business; it is the business side of our business that we are changing -- changing to a way that supports actions implementing policy to be taken at the department level, with fewer levels of redundancy."
Dr. Kohler, president of Oregon Health Sciences University, reminded the Board that his institution had been investigating the move to a public corporation for longer than other institutions or the Board. "We can't afford to fail. There is probably no component of any or all of the state activities that could cost more money more quickly than the hospital if it gets into a serious situation in terms of the competition."

Continuing, President Kohler expressed some concerns about components of the legislation as currently written. Included in his comments were a need for an alternative to PERS, a different budgeting process, and a potential benefit of thinking about a public corporation model of the Port of Portland, not the SAIF Corporation. President Kohler concluded by calling for careful attention to educating faculty, staff, and administrators of the institutions as well as the public-at-large. "We can't go forward unless everybody is marching to the same tune."

President Ramaley emphasized the need for a "very clear statement of purpose that would be related to the 2010 document to underscore that this set of changes is to assure that we continue to provide affordable, high-quality higher education for all qualified Oregonians who seek access. In addition, such an introduction should emphasize that this is the covenant between the state and OSSHE to continue state subsidy for the purposes of public higher education."

Dr. Byrne, president of Oregon State University, indicated that he and his staff were looking carefully at areas pertaining to statewide services: extension and agricultural and forest research. The final legislation for the public corporation will need to accommodate these services specifically as they relate to Oregon State University's ability to obtain funds from the federal government on a formula basis.

Board members and institution presidents agreed that a strong communication plan, which clearly articulates the goals of changing to a public corporation, is needed. The messages to the public should be simple and precisely state planned benefits. Mr. Lee cautioned that care must be taken not to overlook some small portion that "becomes the front headlines because it is controversial and everything else goes down with it."

Mr. Bailey raised concerns about the portion of the proposed legislation that increases the number of members on the Board. Rob Nosse indicated that he did not have trouble with the numbers but rather a concern about how they are selected. There was general agreement that this item should
be dropped from consideration as the proposed legislation is forwarded to the Governor.

In response to a question concerning whether setting tuition levels would differ, Vice Chancellor Ihrig responded that "the relationship with the legislature regarding tuition and the way in which it is set doesn't change with a move to a public corporation. We would still be dealing with the Instruction and General budget by going to the legislature with the number of students that can be taught for a set amount of dollars and at a relative tuition level.

"The Board has from the legislature, in the Oregon Revised Statutes, the authority to set tuition. But it is a joint relationship that results in taking a budget request to the legislature, including the amount of state revenues that higher education would need to teach so many students and the tuition levels the Board recommends for consideration. That process would remain the same."

Chancellor Bartlett thanked Mr. Ihrig and his staff, in particular Melinda Grier, George Pernsteiner, and Audry Symes for the incredible amount of effort put into completing the task of drafting the legislation. "We have a long season because we already have a very concrete, skillfully done, highly developed draft before us so that we can move ahead of the curve and talk to the public about the proposed change."

Vice Chancellor Ihrig introduced the budget guidelines by reminding the Board that the State System is presently at a target enrollment of approximately 60,000 students. "If we take the Governor's initial budget directions to us for the next biennium, and don't do anything else but business as usual, that would mean reducing enrollments of resident students by 9,800 or down from 60,000 to 50,000. The challenge is, within the resources indicated for the next biennium (which are actually at 13.8 percent less than we have this biennium from state funding), how to pull the enrollment up from 50,000 to 60,000. The real need is to stop falling behind, and the public corporation is part of the solution."

Continuing, Mr. Ihrig indicated that it is critically important to keep the capacity of the State System intact for the future deluge of additional students anticipated because of the increased number of students expected to graduate from high school in the coming years. At the same time we attempt to recruit more resident students, "we still need to keep up the number of nonresident students to prevent shrinkage of the System that,
in turn, will result in loss of valuable faculty and staff talents that would cost much more to replace in the future."

Another area of concern is to stabilize the academic program offerings at the institutions. Without quality programs, it is not possible to recruit students, either resident or nonresident. This will require new ways to teach the same (or more) students at the same quality. Instructional productivity is a priority for all institutions and one element for encouraging productivity will be to provide incentive programs for faculty to develop new uses of technology, new technology, and alternative ways to teach more students better.

One of the realities of the 1995-1997 budget is that, if the amount of state funding is to be reduced by 13.8 percent, and there is no increase in the amount of the instruction fee, then a real decline in student access is necessary to balance the budget. What is required is finding the "magic" balance between achieving access goals and setting realistic levels of instructional fees. Mr. Ihrig indicated there "are concerns that if there were double digit increases in tuition and fees, even with increased financial aid, there is a potential sticker shock that will drive students away.

"This brings us to the issue of market-driven tuition and fees. Presently, we have set a Systemwide set of increases that guide what institutions do. That does limit the revenue potential and the number of students who can attend on the basis of the dollars available. State funding is key. We have never figured a way to allow resident students to pay the full cost if they want to attend an institution that is above the capacity of the System."

Mr. Ihrig explained that an alternative approach is to look at each campus, determine its market potential for tuition, and recommend campus-based instructional fees. Critical to this approach is predicting as closely as possible how high the cost can go while sustaining enrollment numbers. Institutions would have to sustain enrollments of residents within the programs they have and within their mission. One result of this model is that there could be wide disparity of tuition levels among the campuses. If enrollments were not sustained, there would be significant budget cuts.

One of the biggest challenges in a market-driven tuition environment is that some institutions have almost certain capacity to increase tuition and maintain enrollments and others do not. A vital question is, what is the reward for increasing students and sustaining enrollments? How much of
the profit from this arrangement should a campus be allowed to retain for its own use?

Dr. Brand, president of the University of Oregon, indicated that an important part of a market-driven tuition approach is that it must include some financial aid component to keep the enrollments up. One idea being considered by the University of Oregon is to put some of the revenue into a self-generated campus-based work study program that would be in addition to the normal financial aid program, thereby allowing middle-income students who don't ordinarily have access to financial aid to engage in work and thus lower the burden of the cost.

In addition, President Brand underscored the importance of differentiation of services for a higher assessed cost. "What a market-driven model tells you is that you want differentiation of service and you allow students to choose which service they want to buy. You have to be able to provide enough incentive to that campus so it can change its service level to attract the students you would otherwise lose."

The Board indicated its ongoing support for exploring models for use of market-driven tuition and fees and encouraged Vice Chancellor Ihrig to return with models that have a potential for succeeding in the present environment and that would balance risk and gain and incentive and some minimal advantages for all.

Board members thanked President Cox for the warm hospitality, enjoyable dinner the evening before, and the campus visit and the excellent presentations by students.

Mr. Lee indicated that, at this time of change, it is important to "keep in mind that ultimately the people who are going to have to carry the burden are the students. Students are now perceived as customers and I hope that we don't lose touch with these individuals who are more than cost units."

Ms. Christopher underscored again how important she thinks it is that everyone -- Board, faculty, students, legislators -- go forward in a united way to support the public corporation concept.
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ADJOURNMENT The meeting adjourned at 3:00 p.m.

Virginia L. Thompson
Secretary of the Board

Janice J. Wilson
President of the Board

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