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

December 16, 1994

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The meeting of the State Board of Higher Education was called to order at 9:15 a.m. by President Les Swanson.

On roll call, the following answered present:

Dr. Herb Aschkenasy  Ms. Esther Puentes
Mr. Bob Bailey        Mr. George Richardson, Jr.
Ms. Diane Christopher Ms. Ronda Trotman Reese
Mr. Bobby Lee         Mr. Jim Willis
Mr. Rob Miller        Ms. Janice Wilson

Mr. Les Swanson, Jr.

Chancellor’s Office -- Chancellor Joseph Cox; Ron Anderson, Assistant Vice Chancellor, Personnel Administration; Shirley Clark, Vice Chancellor, Academic Affairs; Melinda Grier, Director, Legal Services and Compliance Officer; Weldon E. Ihrig, Vice Chancellor, Finance and Administration; Grattan Kerans, Director, Government Relations; Keith Kutler, Assistant Attorney General; Larry Large, Vice Chancellor, Public Affairs; John Owen, Vice Chancellor, OCATE; Diane Sawyer, Executive Secretary, Public Affairs; Vicki Shives, Associate Board Secretary; Lisa Stevens, Public Affairs Officer; Virginia L. Thompson, Board Secretary.

Eastern Oregon State College -- President David Gilbert.

Oregon Health Sciences University -- President Peter Kohler; Lesley M. Hallick, Provost/Vice President for Academic Affairs; Jim Walker, Vice President, Finance and Administration.

Oregon Institute of Technology -- President Lawrence Wolf.

Oregon State University -- President John Byrne; Leslie Burns, Professor; Carol Caughey, Assistant Professor; Carroll W. DeKock, Chair, Chemistry; Steven Esbensen, Professor, Atmospheric Science; Sandra Helmick, Professor; Jeff McCubbin, Associate Professor, Exercise and Sports Science; Robert Michael, Associate Professor, Exercise and Sports Science; John E. Morris, Chair, Zoology; Michael Oriard, Professor, English.
Portland State University -- President Judith Ramaley; Paul Adams, Professor; Sy Adler, Professor; Kenneth Ames, Professor, Anthropology; S.E. Andrews-Collier, Professor, Theater Arts; Terri Bennett, Staff; Tom Biolsi, Associate Professor, Anthropology; Steven Brenner, Professor; Gary Brodowicz, Associate Professor; Scott Burns, Associate Professor, Geology; Alan Cabelly, Professor, Business Administration; Clyde L. Calvin, Professor, Biology; Duncan Carter, Associate Professor, English; Anne Christensen, Assistant Professor, Business; Nathan Cogan, Professor, English; Janet Cowal, Instructor, Applied Linguistics; Mike Cummings, Professor, Geology; Mary Cumpston, Director, Career Center; Susan Danielson, Assistant Professor, English; Sherwin Davidson, Dean, School of Extended Studies; Jeanette DeCarrico, Professor, Linguistics; Lindsay Desrochers, Vice President, Finance and Administration; Thomas G. Dieterich, Associate Professor, Applied Linguistics; Tracy Dillon, Assistant Professor, Director of Professional Writing; Patrick Feeney, Program Development Specialist; Robert Fountain, Assistant Professor; Lewis Goslin, Professor, Business Administration; Gina L. Greco, Assistant Professor, French; Janice Haaken, Professor, Psychology; Margaret Herrington, Program Specialist; David Holloway, Associate Professor, English; Angel Johnson, Professor, Geology; Annette Jolin, Associate Professor/PSU Faculty Senate; Scott Kaden, Assistant Director, Alumni Relations; Mary Kinnick, Professor, Education; Steve Kosokoff, Chair, Speech Communication; Pamela Livingston, Clerical Specialist; Melinda Lucky, Office Specialist II, Affirmative Action; Richard Lycan, professor, Geography; Gary Martin, Director, Personnel Services; Rosemarie Matthews, Coordinator, Student Employment Office; Tony Midson, Associate Professor, Extended Studies; Don Moor, Professor, Philosophy; Jackie Morgan, Clerical Specialist II; Mary Jo Morris, Director, Professional Development Center; Arezu Movahed, Assistant to Associate Vice Provost; Kirstine Nelson, Professor, Social Work; Janis Nichols, Director of Public Relations; Sorca O'Connor, Assistant Professor, Education; Georgia Owens, Assistant Director, Affirmative Action; Louise Paradis, Career Counselor; Marjorie Pfaff, Office Coordinator; Nancy Porter, Professor, English; Barbara Porterfield, Staff; Shelley C. Reece, Professor, Department Chair; Sandra Rosengrant, Professor, Russian; C. William Savery, Professor; Donna Sessions, Office Staff; Joan Shireman, Professor, Social Work; Cynthia A. Sloan, Assistant Professor, Spanish and Portuguese; Judy Sobel, Associate Professor, Public Health Education; Rita Spears, Office Coordinator; Pat Squire, Director, Alumni Affairs; Maria Talbott, Associate Professor; Charles Tracy, Associate Dean SUPA; Michelle Tsoi, Assistant Professor, Library; Robert Tufts, Registrar; Donald Tyree,
President Swanson commented about the profound impact of the passage of Measure 8 on faculty and staff, which has injured morale along with effectively lowering wages. This is most serious for already low-paid staff -- those who are at the margins. By a narrow margin, voters passed the measure, and it is most unlikely that either the Governor or legislature will grant any wage increase to offset the measure.

"The State Board has authority to deal only with salaries of faculty and not those who are classified or management service. I have received numerous requests from faculty wanting an immediate six percent wage increase, and there are many meritorious arguments for doing that. Faculty have been, and are, underpaid in comparison to peer institutions. They have foregone any pay increases for several years, primarily because
of the impact of Measure 5. And faculty are the single most important asset to our enterprise: They teach and mentor students.

"We must make every effort to protect faculty and staff. But we cannot defy the voice of the voters. I believe we should strongly support the following. First, the Governor made July 1, 1995, the starting date for implementation of the six percent reduction that will occur and we applaud that action. Second, the reduction should be implemented on a pre-tax basis, not on what remains after taxes are deducted. Third, we should urge the legislature and Governor to leave the money from the six percent savings in the higher education budget for support of excellence of our faculty and staff. And, finally, we must lend strong moral and personal support to the legal challenges that raise the important issues of interference with contracts and whether or not Measure 8 met very important federal and state Constitutional requirements."

Mr. Swanson concluded by indicating that the Board must also act regarding the effects of inflation on salaries of faculty and staff over the past two years with no salary increases. "We have in the budget a three percent increase per year that will barely keep pace with inflationary increases. Faculty have effectively lost about 5.6 percent or more of their pay over the last two years because of inflation. I believe we will need to take some positive steps to make up for inflationary losses that faculty and staff have suffered over the last few years."

CHANCELLOR'S REPORT

Chancellor Cox announced that Dr. Larry Large, Vice Chancellor for Public Affairs, had been named executive vice president for Reed College. "It is a signal honor and I am consoled by the fact that Larry will still be in Oregon," the Chancellor commented. Dr. Large will assume his new responsibilities on March 1, 1995.

Dr. Cox underscored Mr. Swanson's statement of concern about the increasingly disadvantaged position of institutions with respect to their most critical resource: the faculty. "If you look at the national salary ranking numbers from the American Association of University Professors' (AAUP) 1993-94 salary survey at public doctoral-granting institutions, Oregon State University ranked 76 out of 124; the University of Oregon, 91st; and Portland State University, 78th. At the regional colleges and Oregon Institute of Technology, there has been similar compression and erosion."
"A bit of history may help set the context. The last salary adjustment for faculty was in June 1993, an adjustment that was deferred from January of that year because we did not have the resources to implement it. There were no salary adjustments for faculty in 1993-1995 and, using national data, there has been a 5.6 percent reduction in the buying power for faculty. Measure 8 now casts a further pall because of a six percent actual salary reduction, ameliorated as it may be by being assessed on a pre-tax basis.

"Based on all of the above, my recommendation is that action must be taken if we are to retain our faculty and convey to them that they are valued and central to this enterprise. My recommendations are: We already have provision in the 1995-1997 budget submitted to the Governor for a proposed fund for faculty retention/recruitment of three percent in 1995 and three percent in 1996. I suggest we continue and redouble our efforts to raise the level of understanding of the magnitude of the problem and argue forcefully that the three-plus-three will not be enough. We must do everything we can to restore at least the 5.6 percent faculty and staff have lost to the CPI.

"Speaking today on behalf of the Interinstitutional Faculty Senate is Professor Tony Wilcox, chair of the Department of Exercise and Sports Science at Oregon State University."

By way of introduction, I am Anthony Wilcox, chair of the Department of Exercise and Sport Science at Oregon State University and representative from that institution to the Interinstitutional Faculty Senate. I have been a member of the faculty of OSU since 1987. Thank you for allowing me to speak with you today.

I state the obvious when I inform you that since the passage of Measure 5, things have been very difficult in the State System of Higher Education: There has been an unconscionable reduction in departments, programs, and degrees; student access has been hindered by precipitous increases in tuition; and talented faculty and staff have been lost due to cut-backs or flight to more promising positions. These have been hard times for educators.

But Measure 8 has outraged faculty and staff beyond anything I witnessed during the Measure 5 years. It may be
that, after years of struggling with the effects of Measure 5, Measure 8 is the proverbial straw that breaks the faculty's back. It may be because Measure 8 hits everyone across the State System, where the cuts brought on by Measure 5 could be directed within each institution in an attempt to preserve the strength of the remaining programs. Or the intensified outrage might be because, suddenly with Measure 8, it got personal. The individuals in the State System were specifically targeted.

I know that the Chancellor and the members of the Board of Higher Education understand that Measure 8 has had a demoralizing effect on faculty and staff, but it is unlikely that you appreciate the extent of this discontent. I am here today to try to convey that to you. The presence of so many of my colleagues in the audience should also be taken as evidence of the depth of feeling over this issue and the pressing need to respond. Focusing on the injustice of Measure 8, focusing on the lack of appreciation shown us by the citizens of Oregon, and focusing on the injury to our earnings have heightened our awareness of how badly our salaries compare to national standards. This has created a new urgency for the Chancellor and the members of the Board to act decisively to rectify this situation.

There have been some developments in the last two weeks that offer glimmers of hope. Governor Roberts has declared that the six percent contribution to our pensions will be taken pre-tax, which slightly reduces the financial impact. She has also delayed the implementation of Measure 8 until July 1, 1995. Also, the Republican leadership in the Senate may propose that the excess corporate taxes taken in by the state be used to support higher education rather than being returned to the businesses.

We have, in Governor-elect Kitzhaber, someone who pledges his support for education. President Frohnmayer of the University of Oregon is leading one of the legal challenges of Measure 8. And President Byrne of Oregon State University has been strongly advocating across-the-board cost-of-living adjustments for faculty and staff.
We have seen where local units of government all over the state have approved salary adjustments for their employees. They know that these employees have been unfairly victimized by Measure 8. These officials have shown political courage in defending the interests of their employees. Measure 8 allows for this "window of opportunity" to adjust salaries before the measure goes into effect. Some simple-minded critics have pointed out that while such actions comply with the letter of the law, they violate the spirit of the law. An analysis of the measure reveals that it has a spirit that should be violated. Let's consider the violations enacted by Measure 8.

While teachers and city and county workers negotiate their salaries with their localities, we in OSSHE must negotiate with the State Legislature. Since this is the case, the legislators should be able to fully appreciate the ways that Measure 8 is a breach of previous agreements between us and them. In one fell swoop, this measure violates two separate negotiations between OSSHE and the legislature: the six percent salary enhancement in 1979 and the wage freeze for this biennium.

As a brief recap, in 1979, when inflation was 11 percent, the State negotiated a six percent pick-up of the employee contribution to their pension in place of a pay increase. Faculty and staff did not request the pick-up; they preferred a pay raise, but the six percent pick-up was the only deal offered. The advantages of the pick-up to the State were the following: First and foremost, the six percent pick-up was a salary enhancement that was only one-half the rate of inflation at that time, so the State got away cheaply while faculty and staff saw further erosion in their earnings. Secondly, with the six percent pick-up, faculty and staff increased their take-home pay without receiving an increase in salary. Therefore, the State did not have to pay any of the increase in benefits that would be associated with an increase in salary. Thirdly, pay raises are given as percentages of the base salary, and a six percent increase in salary would have been compounded in future salary increases. With the base remaining unchanged, that compounding did not occur.
So the faculty and staff received a much-deserved six percent salary enhancement, but it was very much on terms which favored the State. Fifteen years later, it turns out that these terms disadvantaged the OSSHE employees, for it provided a target for politicians and special interest groups with no sense of obligation to previously negotiated contracts. The true effect of Measure 8 was to rescind the six percent pay raise of 1979, but the backers of the measure disguised their intentions by targeting the six percent pick-up as a special benefit given by the State to its employees. If their motives had been honorable and they truly wished to have state employees contribute to their pensions, there would have been no condition barring the restitution of the earlier pay raise. We, the faculty, expect the legislators to see that the conditions they placed upon the pay raise given in 1979 left us vulnerable to Measure 8; we expect them to honor our previous agreement; and we expect the Chancellor and the Board to vigorously pursue this matter.

The passage of Measure 8 also violated the agreement between the State and OSSHE that salaries would be fixed during this biennium. While freezing salaries, legislators also directed OSSHE to increase teaching productivity and student access to classes. Faculty and staff were realistic about the salary freeze and responsible in accepting it as part of our contribution in dealing with the decreased funding available for higher education. And we rose to the challenge of increasing teaching productivity. Many of the people in the audience today were part of the teams of faculty that developed the productivity plans on each campus, and all of us have worked to implement these plans. We have increased the use of technology in the classroom. We have reduced the number of low enrollment classes. We have accentuated the role of senior faculty in undergraduate education. We have revised graduation requirements. We have shifted resources to be able to respond to student demand for classes. In short, we have changed the culture of the academic community. And throughout this process, we have been vigilant about maintaining quality in undergraduate and graduate education. The commitment of OSSHE faculty and staff has been
remarkable, and by whatever yardstick used to measure it (student credit hour generation, graduation rates), the results are clearly evident. The House Interim Task Force report on higher education has commended OSSHE for the way it has responded to the need to increase productivity in the face of Measure 5 cuts. With salaries frozen, faculty and staff stepped-up their efforts to serve the citizens of the state. Implementing Measure 8 is an appalling breach of faith. At the end of this biennium, our income will be reduced by six percent. Outrage is the only reasonable response to these circumstances.

Our economic fate is in the hands of the legislature. We have bargained in good faith, and we have been betrayed. When bold and decisive leadership is called for from the Chancellor and the Board, we find them appearing to be timid in advancing our case to the legislators. There must be institutional memory in the halls of Salem. School boards and city and county commissioners have come to the defense of their employees; you must do the same. Since Measure 8 invalidates the agreement to hold salaries constant during this biennium, give us the cost-of-living adjustments for the last two years the moment Measure 8 takes effect.

At our most recent meeting of the OSU Faculty Senate, Professor Wil Gamble spoke very eloquently concerning his response to the passage of Measure 8. He described the lessons in living that he learned from his great-grandmother. Wil's ancestors were slaves, and he would ask his great-grandmother about slavery and how it could exist in a country founded on the principle that all men are created equal and possess certain inalienable rights. Her answers resonate in his memory: that "slavery is the total absence of personal dignity in a place that is lacking in compassion." She also told him that "people do not always take seriously those things that they write down, and profess to live by and believe." The goal in life, she said, was to "survive with dignity."

Dr. Gamble decried as an affront to our dignity the injustice forced upon us because someone can purchase
50,000 signatures at $1 apiece, place a measure on the ballot, and by a mere plurality, change the Constitution of this state. We ask that the legislators take seriously those things that they wrote down in 1979 and 1993.

The significance of an African-American professor standing up at the Faculty Senate meeting and speaking about slavery, dignity, and Measure 8 should not be lost on the members of the Board. In a recent Board meeting, you reviewed the progress toward increasing the number of minorities on the faculties at the OSSHE institutions. While some progress has been made, much more is needed. Achieving these goals requires that we be very aggressive in attracting good candidates for positions, because it is extremely competitive among colleges and universities vying to hire the available minority candidates. And, once hired, retaining these individuals is just as important. One of the devastating effects of Measure 8 is that many faculty are looking for other opportunities. We cannot afford to wait until the end of the legislative session to respond to critical salary issues. It is imperative that the Board take pre-emptive action. Assure the faculty that they will receive a cost-of-living adjustment. In addition, you must make salary enhancement the top priority in your objectives for the next legislative session.

Oregonians must confront the implications of continued underfunding of higher education. The traditional role of public higher education in the United States has been to make education available to anyone, regardless of income, who was capable of taking advantage of it and willing to work hard. In Oregon, we are in danger of abandoning that at a time when other states and other countries have decided that the prosperity of their people depends on their education. We are also doing it at a time when the number of students graduating from Oregon’s high schools is about to increase dramatically. The citizens and legislators of Oregon must now decide whether they wish to provide for this generation of students the kind of accessible, high-quality education that was provided for previous generations. They must also decide whether they want a system
of higher education that will serve the needs of professionals and so attract new industry to the state.

The October 19 edition of *The Chronicle of Higher Education* reported that Oregon had the largest reduction of all the states in its support for higher education over the last two years. While Alabama, Georgia, Idaho, Mississippi, and New Mexico increased their funding of higher education by 13 to 37 percent, Oregon decreased it by 15 percent. As you well know, we have had to drastically increase tuition to help offset this reduction in support. As a result, it is becoming increasingly difficult for Oregonians to afford to attend their public institutions. We are fast approaching a time where the tuitions will be so high, the majority of our incoming freshman classes will be from out of state.

Using data published in the March/April 1994 issue of *Academe*, OSSHE faculty are paid approximately 20 percent less than faculty at comparable institutions in other states. This disparity must be addressed. Measure 8 has created a discontent among faculty that makes continued service to a state that undervalues our efforts increasingly untenable. Last July, the Board recommended annual three percent salary increases for the 1995-1997 biennium, and I have seen no revision of that request to the Governor. That just will not do. Measure 8 has widened the gap between OSSHE salaries and the national norm. It is time we properly compensated the dedicated faculty and staff who have worked so hard during these difficult times to maintain excellence in our public institutions of higher education.

This is the charge we put to you, Chancellor Cox, and the members of the Board.

Responding to Professor Wilcox' statement, Ms. Christopher pointed out that she and many other Board members had, prior to the election, focused personally on fighting for defeat of Measure 15. She remarked, "I put a lot of time toward defeating this issue and I'd like to think we reached people who otherwise would not have understood what passage of the measure would have cost higher education. I'm frustrated that we
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didn't have time to do the same regarding Measure 8. It passed by so few votes. In the year I have been on the Board, I have taken great pride in your work -- reading your plans for productivity on each campus. They have been incredible. I have been impressed with the creativity and commitment that have gone into preparing those plans in response to this environment. Every minute I spent on Measure 15 was with a great deal of pride in you. I commend you, and I regret you have to be sitting here today."

President Swanson proposed that the Board pass the following resolution:

First, to make equity for faculty salaries a priority in the 1995 legislative session. Second, to state our unanimous and heartfelt support for faculty and staff, gratitude for their past service to the people of Oregon, and our commitment to obtain the resources necessary to offset inflationary decreases and to provide for equitable increases in salary for faculty and staff.

Board Discussion and Action

Mr. Bailey remarked that the Board should not take any action in the short term that might jeopardize the Board's position with the legislature and asked if there was anything in the resolution that would do that. Chancellor Cox indicated there was not and added that he had been asked pointedly by Governor-elect Kitzhaber and legislators if he would propose to the Board an immediate salary increase that would occur prior to January 1, 1995. The response was "no," and that was the response they had been looking for.

Mr. Richardson added that he would urge that attention continue to be focused on the value of diversity within the System and he hoped that plans that had been started would continue.

Dr. Cox pointed out, for students, that he had not defaulted on the commitment to students and that Governor-elect Kitzhaber had expressed support for resources to lower tuition by nine percent. Rob Nosse of the Oregon Student Lobby indicted that, "just because students are concerned about the level of tuition, that should not be translated to mean a lack of concern about the quality of instruction. Students realize the importance of adequately compensating those who provide instruction. The OSL
Board is interested in lobbying the legislature to mitigate the effects of Measure 8. We will do what we can to assist you."

Mr. Miller added that the Board should consider that, if the lawsuit challenging Measure 8 is successful, the resources should not be taken from the faculty.

Mr. Lee moved and Ms. Wilson seconded the motion to accept the resolution. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Lee, Miller, Puentes, Richardson, Trotman Reese, Willis, Wilson, and Swanson. Those voting no: none.

Staff Report to the Board

Ballot Measure 8 requires public employees to contribute to their retirement funds after January 1, 1995, upon the expiration of their current employment contracts. Since 1979, when employer payment of employees’ contributions was initiated in lieu of a salary increase, OSSHE and most other state agencies have contributed on their employees’ behalf. On December 7, 1994, Governor Roberts issued an Executive Order providing a uniform implementation date of the employee contribution for state employees on July 1, 1995, so that the few state employees not covered by collective bargaining or other employment contracts would be treated the same as other state employees who have current contracts requiring the state to pay employees’ contribution.

The Attorney General has advised us that the Board, by Administrative Rule, may designate the employee contribution as an "employer contribution" for purposes of the Internal Revenue Code 26 USC §414(h)(2). By this action, the contribution will be deducted pre-tax, and employees will pay taxes only on the salary minus the six percent employee contribution. Without this action, employees will pay tax on the full amount of salary and then have the six percent deducted.

Unlike local governments and school districts that are managed by locally elected officials, state agencies are responsible to the legislature and the Governor, neither of which has authorized actions to offset the salary cut due to Measure 8. By designating the contribution as an "employer contribution" for tax purposes, the Board will be able to mitigate the negative effects of Ballot Measure 8 slightly, without acting contrary to the goal of the statute. Most employees will benefit from this action. However, a few employees who contribute the maximum allowable to a
deferred compensation plan may have to reduce their deferred compensation contribution to stay within federal limits.

When staff has completed prerequisites for permanent rulemaking designating the "employer contribution," staff will bring a rule before the Board.

Staff Recommendation to the Board

Staff recommended the Board adopt the following statement:

The Board expresses strong support for and concurs in the Governor's actions described in Executive Order No. EO-94-23. The Board instructs the Chancellor to take whatever actions are necessary to implement the Executive Order for OSSHE employees who would be required, by Ballot Measure 8, to begin making employee contributions to a retirement plan between January 1, 1995, and July 1, 1995. The Board has authority to set the terms of compensation for its unclassified employees. The Board desires the employee contribution required by Ballot Measure 8 to be an "employer contribution" (pre-tax) as defined by Internal Revenue Code 26 USC §414(h)(2) and instructs staff to prepare an Administrative Rule to implement that designation.

Board Action

Mr. Richardson moved and Ms. Christopher seconded the motion to approve the staff recommendation. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Lee, Miller, Puentes, Richardson, Trotman Reese, Willis, Wilson, and Swanson. Those voting no: none.

Chancellor Cox introduced the discussion of the Higher Education Administrative Efficiency Act by reporting that Governor-elect John Kitzhaber, Dr. Kohler, president of Oregon Health Sciences University, and he had met and "came to consensus on a number of points regarding legislative submissions in the upcoming session, and a changed relationship between Oregon Health Sciences University and the Oregon State System of Higher Education. Dr. Kohler and I discussed with the Governor-elect the various points of agreement and disagreement, and
gave credit particularly to the efforts of Board Chairman Les Swanson, who brought the discussion to a series of principles which provided space for accommodation and agreement.

"Governor-elect Kitzhaber made clear his support for the Higher Education Administrative Efficiency Act developed by the Oregon State System of Higher Education. He also supports the bill developed at Governor Roberts' request by Oregon Health Sciences University, which would give OHSU the status of a free-standing public corporation. It is Governor-elect Kitzhaber's view that we should proceed with the submission of both bills separately, and that he will support both.

"The discussion turned then to the agreements and compromises which would be necessary for both bills to be compatible and to insure that the most important goals are achieved. Those goals are that the Oregon State Board of Higher Education be in a position to meet its statutory responsibilities for oversight of public higher education in Oregon, while at the same time creating an operating environment for OHSU allowing it to be successful in the rapidly changing world of health care."

Dr. Cox explained that four points of agreement for changes in the two bills emerged:

1. The Oregon State Board of Higher Education would retain responsibility for the approval, institution, discontinuance, etc. of all instructional/educational programs at OHSU. These responsibilities would be met through the Academic Council, as they are now.

2. The Chancellor and President of the Board of Higher Education or their designees would serve as voting members of the board of the new public body incorporating OHSU.

3. The General Fund budget for OHSU's instructional programs will come through the Oregon State Board of Higher Education as a line item.

4. The General Fund budget for the educational programs at OHSU will be fixed at the 1995-1997 biennial levels. This level of support would continue for this biennium and the next and would then begin to be scaled down.
President Kohler concurred with the Chancellor's remarks and added, "We (Oregon Health Sciences University) have an efficient and excellent administrative structure that is quite different from almost any other academic health care center in the nation. It combines strong administrators from the Hospital with those from the University in such a way that we're ready to respond to the marketplace. We don't see the public corporation changing our mission or relationship with higher education. The Higher Education Efficiency Act, while valuable for higher education, will not give us the approval mechanism that we will need to be able to move forward in the future."

In concluding his remarks, Dr. Kohler added, "I'd like to compliment the Chancellor and Board President for finding a way to conclude the discussion and move forward with a proposal in a way that serves everyone."

Board Discussion and Action

Ms. Wilson, Ms. Trotman Reese, and Mr. Miller expressed their thanks for Board and System leadership that led to an acceptable agreement that, in Ms. Trotman Reese's words, "speaks to the level of commitment of those involved to find agreement that we can all live by."

Dr. Aschkenasy raised two main issues, one of which, the interaction between educational programs, was addressed by the present agreement. The second, "is less effectively addressed and that is, who is watching the money? I would almost suggest there should be some relation between the number of Board members taken from the Oregon State Board of Higher Education and the amount of money taken from the General Fund. The issue of oversight of citizen's funds is one of our primary responsibilities and I don't think that two Board of Higher Education representatives on an Oregon Health Sciences board of seven is sufficient."

Mr. Swanson suggested amendments to the proposed agreement. (Additions are underlined.) First, in item one, amend it to read, "The Oregon State Board of Higher Education would retain responsibility for the approval, institution, discontinuance of all instructional/educational programs at OHSU, and for final approval of tuition and fees.

In the second paragraph, the first sentence was amended to read, "The Chancellor, and President of the Board of Higher Education or his/her designee from the Board of Higher Education..."
Two additional points were added:

5. The President of OHSU will continue to participate as part of the OSSHE Council of Presidents, and OHSU will continue in its new status as part of the organizational chart of OSSHE.

6. The Board of Higher Education directs the Chancellor and OHSU President to make corresponding changes in the two bills and to request that Governor-elect Kitzhaber include both bills in his legislative submission at the end of December.

Mr. Richardson moved and Ms. Wilson seconded the motion to adopt the proposed agreement. The following voted in favor: Directors Aschkenasy, Bailey, Christopher, Lee, Miller, Puentes, Richardson, Trotman Reese, Willis, Wilson, and Swanson. Those voting no: none.

Mr. Willis expressed his appreciation for the work done on the two bills. "We need to continue our effort at collaboration as we move the two bills forward so there can be a win/win situation for Oregon Health Sciences University and for the State System as a whole. Also, in looking at the Measure 8 response, this is very close to the hearts of people and it will continue to be damaging. As a person who comes from a population that has seen every agreement that's ever been made with this country violated, I have a special sense of empathy with the faculty in this circumstance. It's our responsibility and our challenge to do everything possible that we can to honor the commitment that we've made as a Board to the people of our institutions."

Ms. Wilson, Ms. Trotman Reese, Ms. Christopher, and Mr. Miller all added their thanks for the extraordinary efforts of Mr. Swanson, Chancellor Cox, and President Kohler. Mr. Bailey added that this was an opportune time to take advantage of the credibility gained with the legislature and Governor-elect.

Ms. Puentes added that, as a new Board member, she was very pleased to be working with a Board committed to working collaboratively to find solutions to very difficult problems.
Mr. Richardson commended President Ramaley for a tribute she had given to outgoing Governor Roberts at an event the evening before. "She had them eating out of her hands," Mr. Richardson added.

Mr. Swanson announced that Mr. Bailey would chair the Western Oregon State College presidential search, and Mr. Willis and Ms. Christopher would serve on the committee. Additionally, Mr. Willis has agreed to chair the Public Information Committee, replacing Mr. Donahue.

ADJOURNMENT The meeting adjourned at 11:05 a.m.

Virginia L. Thompson
Secretary of the Board

Les Swanson, Jr.
President of the Board