



Oregon
University
System

OREGON STATE BOARD OF HIGHER EDUCATION INTERNAL MANAGEMENT DIRECTIVES

*(Sections 1-5 were amended and approved by the Board in October 1998;
Sections 6-8 were amended and approved by the Board;*

Other amendments are noted within the section.)

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SECTION 1—ADMINISTRATIVE ORGANIZATION AND PROCEDURES

The Chancellor

A. Duties and Responsibilities

1.010 General Duties

The Chancellor is the chief executive officer of the System, responsible for implementation of the Board's decisions and plans. Except where otherwise designated, the Chancellor is delegated full authority to act on behalf of the Board within guidelines, established by the Board and to ensure that institutions, through institution presidents, carry out their responsibilities. The Chancellor shall seek the advice of institutional presidents in making decisions having substantial System-wide effects. The Chancellor shall be responsible for presentation of all business and other matters to be considered by the Board at any of its regular or special meetings in addition to those items identified and brought by Board members.

1.015 Preparation of Quarterly and Annual Reports

The Chancellor or designee shall report to the Board quarterly on the academic, fiscal, and operational affairs of the System. The Chancellor or designee shall also report to the Board as otherwise required by statute, by the Board, or by the Governor.

B. Authority

1.020 Authority over Staff and Employees

- (1) The Chancellor shall make recommendations to the Board, in which rests sole power of decision, concerning the selection, appointments, salaries, transfers, suspensions, terminations and other conditions of employment of institution presidents.
- (2) The Chancellor is authorized to approve, after consultation with the President and Vice President of the Board, the salaries, transfers, suspensions, terminations, and other terms and conditions of employment of the vice chancellors and the Secretary of the Board.
- (3) The Chancellor is authorized to approve up to 60 days paid leave at 90 percent of regular pay for institution presidents, vice chancellors, and the Secretary of the Board for purposes of undertaking study or

research that will be of benefit to the institution or the University System.

- (4) The Chancellor delegates to institution presidents the authority for appointments, transfers, resignations, leaves of absence, changes in tenure status, promotions, establishment of emeritus status, fixing of salaries, terminations, and all other terms and conditions of employment of all institution employees to the extent they are consistent with the rules, directives, and policies of the System and applicable collective bargaining agreements. Institution presidents shall confer with the Chancellor prior to approving the selection, salaries, transfers, suspensions, terminations, and other terms and conditions of employment of institution vice presidents.
- (5) The Chancellor is authorized to select, appoint, promote, fix the salaries, grant leaves to, transfer, suspend, or terminate all other System staff consistent with the rules, directives, and policies of the System and applicable collective bargaining agreements.
- (6) The Chancellor is authorized to delegate responsibilities or to designate staff to carry out any of the duties assigned to the Chancellor.

1.023 Official Representative to State Government

- (1) The Chancellor is the official representative of the Department to the legislature, to the Office of the Governor, and to the Executive Department.
- (2) To the extent allowed by law, the Chancellor may designate other System employees to represent the System in its dealings with the legislature, the Office of the Governor, and other state agencies as the Chancellor deems necessary and appropriate.

1.028 Legal Services

- (1) The Chancellor may designate those who, in addition to the Board or its members, shall be authorized to request legal services on behalf of the System. The Chancellor shall seek the advice of institution presidents in designating institution staff authorized to seek services. Any requests for formal opinions of the Attorney General must be approved by the Chancellor.
- (2) The Chancellor or designee shall be responsible for coordinating provision of legal services for the System.

C. Selection and Appointment of the Chancellor1.040 Selection of the Chancellor

The Board retains the sole responsibility for the selection of the Chancellor and authorizes the Board president to conduct the search.

- (1) When it becomes necessary to hire a Chancellor, the Board president will initiate a search. The search shall be conducted in a manner consistent with guidelines established by the Board.
- (2) A search committee shall be responsible for identifying and recruiting possible candidates for the position of Chancellor.
 - (a) The Board president shall appoint members of the search committee, with one being appointed to serve as chair.
 - (b) The Board president shall appoint a Vice Chancellor or top-level staff person who shall serve as coordinator of the search. The coordinator shall serve in a nonvoting ex-officio capacity on the committee.
- (3) The search committee shall recommend three to five finalists to the Board president. The recommendations should be accompanied by a detailed report of the strengths and weaknesses of each candidate, especially in terms of the desired qualifications for the position. The recommendations from the search committee shall be unranked.
- (4) The Board president shall interview the committee's finalists prior to release of a public announcement of the names of candidates to be interviewed by the full Board. The Board president shall have the authority to narrow the field of candidates after consultation with the majority of the search committee. The Board president has the authority to rank the candidates.
- (5) The names of the finalists will be released to the public prior to the time that they are interviewed by the full Board.
- (6) The Board will interview the finalists.
 - (a) The Board will meet in executive session to interview the finalists. Following the interviews, the Board will direct the Board president to negotiate with the Board's first choice. If the first choice does not accept the Board's offer, the Board

president shall seek further advice from the Board before contacting the second choice.

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

1.042 Selection of an Interim Chancellor (to be developed)

1.043 Selection of an Interim Chancellor and Permanent Chancellor (to be developed)

1.045 Appointment of a Chancellor

The Chancellor shall be appointed by the Board to serve at its pleasure and shall hold the rank of professor.

D. Evaluation of the Chancellor

1.050 Evaluation of the Chancellor—Annual

- (1) Performance assessments of the Chancellor shall be conducted on a yearly basis.
 - (a) In July of each year, the Chancellor will submit a list of goals and objectives for the coming year. These will coincide with those set by the Board.

The goals, both specific and general, should be stated in measurable terms.

A draft of the document should be provided to the Executive Committee for review and critique prior to presentation for approval at a full meeting of the Board. The plan should include a personal and professional development component.

- (b) In May of each year, the Chancellor will submit to the president and vice president of the Board a written self-assessment of goals that have been met, areas of needed improvement, and work remaining to be carried over to the next year. At the same time, a suggested plan for continuing professional development will be proposed for the coming year.

- (c) The Executive Committee, functioning as the Board's Personnel Committee, will review the assessment and provide guidance to the Chancellor for any changes or additions to the report. An important aspect of the Chancellor's assessment will be the timeliness and thoroughness of presidential evaluations.
- (d) The Board will meet in executive session to discuss the Chancellor's performance, goals accomplished, and areas of focus for the coming year.
- (e) Following the executive session, a summary of the assessment will be discussed in an open meeting of the Board.

1.055 Evaluation of the Chancellor—Discretionary

The Executive Committee will conduct additional assessments, involving an external consultant and extensive interviews with a broad range of individuals, when it deems necessary.

- (1) The Executive Committee shall assist the Board in assembling the evaluation material.
- (2) Evaluation criteria for the Chancellor shall include, but not be limited to, the following:
 - (a) Leadership and Management: academic, administrative, planning, public affairs, other.
 - (b) Internal Relationships: Board, presidents, Vice Chancellors.
 - (c) External Relationships: state government, general public, business/industry, and appropriate regional and national affiliations.
 - (d) Effectiveness in achieving affirmative action objectives and sensitivity to equity issues.
 - (e) Ability to Perform Essential Functions: personal statement, physician's report.

Institution Presidents

E. Relationship of Presidents to Chancellor and the Board

1.102 Presidents Responsible to the Chancellor

- (1) The President is the chief executive officer of the institution and a member of the Chancellor's executive staff. The President is responsible to the Chancellor for all matters concerning the institution and is an advisor the Chancellor in matters of interinstitutional policy and administration. The President will participate in meetings called by the Chancellor to seek advice regarding System operations and policy. The president will implement policies, plans, budgets and guidelines approved by the Chancellor.
- (2) The President shall develop and implement, in consultation with appropriate committees or members of the institution, the policies, plans, budget, and guidelines affecting the institution as deemed necessary and/or advisable so long as they are in conformance with those policies, plans, budget, and guidelines adopted by the Board or Chancellor. The President shall advise the Chancellor of any institution events that substantially affect the well being of the institution or the System or any major proposed changes of institution policies, plans, budget, or standards.
- (3) The President shall recommend to the Chancellor any proposals for significant changes of policy, plans, budget or standards requiring approval of the Board or Chancellor. The Chancellor will decide whether to take action or to recommend the Board take action.

1.103 Duty of Presidents

- (1) The President or designee shall approve all recommendations transmitted to the Chancellor from the institution.
- (2) The President or a designee is encouraged to attend all meetings of the Board (except executive sessions) and its committees and is expected to attend those meetings at which matters affecting the institution are to be considered.
- (3) The relationship of the President to the Board is through the Chancellor as the chief executive officer of the Board.

F. Authority and Responsibility of Institution Presidents1.120 General Responsibilities

The President is delegated full authority and responsibility to administer the affairs of the institution in accordance with Board policies, plans, budgets, and standards, including management and expenditure of all institution funds, within budgetary and other limitations imposed by the Board. The President is delegated full authority for determining the organizational structure of the institution, except where otherwise provide by law, rule, directive, policy, or guideline.

1.123 Internal Governance and Authority over the Faculty

- (1) The President shall have the right to convene and preside over the faculty or faculties of the institution and shall have the right of veto over their decisions or those of the representative body, subject to review by the Chancellor. The President shall define the scope of authority of faculties, councils, committees, and officers, subject to review by the Chancellor, when not otherwise specifically defined by Board policy or established in the internal governance statement.
- (2) Each institution shall have the right to formulate a statement of internal governance expressed as a constitution or in other appropriate format, which shall be ratified as the official statement of internal governance by those included in the internal governance structure of the institution and by the President.

The internal governance statement is subject to review and modification when a new President assumes office and at such other times as shall be provided for in the internal governance statement; any amendatory action shall also be subject to ratification by those included in the internal governance structure and by the President.

1.127 Administrative Authority over Institution Employees

- (1) The President is authorized to approve, after consultation with the Chancellor, the salaries, transfers, suspensions, terminations, and other terms and conditions of employment of institution vice presidents or others serving in comparable positions.
- (2) The President is authorized to approve, in conformance with rules, policies, or guidelines established by the Board or Chancellor, appointments, transfers, resignations, leaves of absence, changes

in tenure status, promotions, establishment of emeritus status, fixing of salaries, or terminations of appointments, except as provided in subsection (1) above for all institution employees. The president may delegate full responsibility for the foregoing personnel actions to institution staff.

1.130 Responsibility for Student Conduct and Discipline

- (1) The President is responsible for development and administration of institutional policies and rules governing the role of students and their conduct. In carrying out this responsibility, the President shall take into account the views of students, faculty, and others.
- (2) Institutional rules shall establish guidelines for student conduct which set forth prohibited conduct and provide for appropriate disciplinary hearings and sanctions for violations of institutional rules, consistent with standards of procedural fairness.
- (3) The Board recognizes and affirms the importance of active student involvement in the deliberative and decision-making processes.

G. Selection and Appointment of Institution Presidents

1.140 Selection of a President (Updated January 2006)

The Board retains the sole responsibility for the selection of institution presidents and delegates authority to the Chancellor to conduct the search on its behalf. The direct costs of the presidential search shall be borne by the institution.

- (1) When it becomes necessary to hire a President, the Chancellor, after consultation with Board leadership, shall initiate the search process. The search shall be conducted in a manner consistent with guidelines established by the Chancellor. The search guidelines shall be designed to ensure appropriate public notice and shall address affirmative action considerations.
- (2) The Chancellor shall submit the search guidelines to the Board for adoption.
- (3) A single search committee shall be responsible for assisting the Chancellor and the Board by identifying, recruiting, and evaluating possible candidates for the position of President.
 - (a) The Chancellor shall appoint the members of the search committee after consultation with Board leadership. The

- search committee shall include at least one current Board member. A current Board member shall serve as chair of the search committee.
- (b) The Board Secretary shall serve as liaison among the Board, the Chancellor's Office, the search committee, and the institution. The liaison shall serve in a nonvoting, ex-officio capacity on the committee.
 - (c) The Chancellor shall appoint a senior member of the Chancellor's Office staff to serve as the affirmative action officer to the search committee.
 - (d) The Chancellor shall appoint a campus-based search coordinator after consultation with the Board Secretary, search committee chair, and institutional leadership.
- (4) The search committee shall recommend finalists to the Chancellor. The recommendations should be accompanied by a detailed report of 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 from individuals and groups who provided information to the search committee. The recommendations from the search committee shall be unranked.
- (5) The Chancellor shall interview the committee's finalists. The Chancellor shall have the authority to narrow the field of candidates, but only after consultation with the search committee. The Chancellor has the authority to rank the candidates.
- (6) The Board will interview the finalists forwarded by the Chancellor in executive session.
- (a) 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 Board leadership before contacting the second choice.
 - (b) When the Chancellor has negotiated an acceptable appointment, the Board shall meet in accordance with Oregon's Public Meetings Law to vote on the selection of a president.

1.141 Selection of an Interim or Acting President (Amended by the Board, Meeting #787, May 23, 2007)

- (1) When the office of university president becomes vacant prior to the appointment of a regular successor, the Chancellor shall, after consultation with Board leadership, campus leadership, and other constituencies as necessary, recommend the name of a candidate for interim president.
 - (a) The Board President or designee shall interview the recommended candidate for interim president. The Board, in its discretion, may meet in executive session to discuss the recommended candidate's strengths and weaknesses.
 - (b) At its next regular meeting or at a special meeting, the Board may appoint the candidate as interim president. The interim president shall serve until the Board has appointed a permanent president or until the interim president has been relieved of the presidential duties and responsibilities. Throughout his/her term, the interim president shall serve at the pleasure of the Board.
- (2) When an incumbent president is temporarily unable to discharge his/her duties or takes a leave for a period that, in the judgment of the Chancellor and the Board, warrants a temporary replacement, the Chancellor shall, after consultation with Board leadership, campus leadership, and other constituencies as necessary, recommend the name of a candidate for acting president.
 - (a) The Board President or designee shall interview the recommended candidate for acting president. The Board, in its discretion, may meet in executive session to discuss the recommended candidate's strengths and weaknesses.
 - (b) At its next regular meeting or at a special meeting, the Board may appoint the candidate as acting president. The acting president shall serve until the Board determines that the incumbent is able to resume his/her official duties or until the acting president has been relieved of the presidential duties and responsibilities. Throughout his/her term, the acting president shall serve at the pleasure of the Board.

1.142 Selection of an Interim President as President

When the Board must decide whether to conduct a national search or move an interim president to the permanent status, the procedures used in naming an interim president will be followed.

1.145 Appointment of Presidents

The Board shall appoint the Presidents, upon recommendation from the Chancellor, to serve at its pleasure. They shall hold the rank of professor. Indefinite tenure may be awarded in a department at the institution upon the agreement of the faculty.

H. Evaluation of Institution Presidents

1.150 Evaluation of the President—Annual

- (1) Performance assessments of presidents shall be conducted on a yearly basis.
 - (a) In July of each year, the President will submit a list of goals and objectives for the coming year to the Chancellor. The goals, both specific and general, should be stated in measurable terms and include how the institution is (or plans to) achieving the Board's System goals and strengthening and improving cooperation and collaboration among institutions. It is anticipated that there will be a high degree of congruence between the president's goals and those of the Chancellor and Board.
 - (b) In May of each year, the President will submit a written self-assessment of goals that have been met, areas of needed improvement, and work remaining to be carried over to the next year. At the same time, a suggested plan for continuing professional development will be proposed for the coming year.
 - (c) Upon receipt of the draft assessment, the Chancellor and President will confer regarding any changes or additions.
 - (d) Following the meeting with the Chancellor, the Chancellor and the President will meet with the Executive Committee of the Board to discuss the performance review and goals for the next year.

1.155 Evaluation of the President—Discretionary

- (1) The Chancellor shall conduct additional assessments, involving the services of an external consultant, at the direction of the Executive Committee, as deemed necessary.
 - (a) The Chancellor, in consultation with the President, may choose to use an external consultant to collect the information to be included in the formal assessment.

- (i.) Academic leadership and management.
- (ii.) Administrative leadership and management.
- (iii.) Internal relationships: faculty, staff, students, alumni, and institutionally associated groups.
- (iv.) External relationships: Board; Chancellor and other Board's staff; state government; general public, both local and statewide; business/industry; and regional and national affiliations.
- (v.) Effectiveness in achieving affirmative action objectives and sensitivity to other equity issues.
- (vi.) Ability to perform essential functions.

Other Authority and Relationships

I. Committees and Communications

1.200 Interinstitutional Committees

The Chancellor and Vice Chancellors may appoint interinstitutional councils and committees to formulate policy proposals, to advise on matters pertinent to Department operation and, when appropriate, to administer Board policies. When establishing interinstitutional advisory committees and in making appointments, the Chancellor and Vice Chancellors shall consult with the administrative officers of the institutions and divisions to be represented. Members of such councils, committees, or other advisory bodies shall serve without additional compensation. The Chancellor and Vice Chancellors shall decide all questions of jurisdiction, not otherwise specifically defined by Board action, of the several councils, faculties, and officers. The advisory and coordinative activities of the various committees do not supplant the responsibilities of the institution presidents, nor do they abrogate the ordinary reporting relationships within each institution.

1.205 Official Communication between the Board, the Chancellor, and the Staff

- (1) Official communications from staff members of System institutions and Chancellor's Office to the Board shall be made through the respective presidents and the Chancellor.
- (2) Copies of all official communications from presidents or institution or Chancellor's Office staff to Board members shall be sent contemporaneously to the Chancellor and the Secretary of the Board.

J. Authority for Naming Institutions, Schools, or Colleges

1.300 Change in Name of Institution

Any change in the name of an institution proposed by an institution shall be submitted to the Board for approval. If approved, the Board will submit the request to the Legislative Assembly.

1.305 Establishing and Naming Schools or Colleges

- (1) The Board shall delegate to the Chancellor the establishment or elimination of schools or colleges. (Amended by the Board, Meeting #713, February 21, 2003, pp. 53-54)
- (2) Institution presidents shall have authority to name schools and colleges, provided that the Board shall approve the naming of a school or college after a living person.

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SECTION 2–ACADEMIC AFFAIRS

Board Authority

A. University System Curricula

2.001 Board Oversight of Higher Education Curricula and Institutions

- (1) The Board shall exercise general oversight of curricula and instruction in the System including, but not limited to, approval and deletion of curricular allocations. The Board’s primary consideration, in meeting curricular responsibilities, shall be to ensure that high-quality educational opportunities are provided to qualified citizens in as accessible and cost-effective manner as possible. (Amended by the Board, Meeting #713, February 21, 2003, pp. 53-54)
- (2) The Chancellor’s Office shall keep the Board informed of state educational needs and shall encourage vigorous institutional planning to meet these needs.
- (3) The Chancellor’s Office shall act in other capacities regarding curricula and instruction as the Board may determine.

2.010 Missions of System Institutions

System institutions shall provide: (a) instruction, (b) research, and (c) public service. Of these, instruction shall hold the highest priority. Research and public service, as integral corollary functions to teaching and learning, may vary from institution to institution in their relative emphasis among the three primary mission areas. Research, scholarship, and creative activities shall be recognized as a necessary and inseparable part of the teaching-learning process, particularly in graduate and professional education, and as vital to Oregon’s health and prosperity in the global information age.

2.015 Approval of New Academic Programs

- (1) Upon recommendation by the Chancellor, the Board will approve new academic degree programs. Academic degree programs include baccalaureate, professional, and graduate degrees of all types; certificates; and educator endorsements.
- (2) Criteria for proposal of new academic programs by System institutions shall include, but not be limited to, the following:

- (a) The needs of Oregon for higher education and the state's capacity to respond effectively to social, economic, and environmental challenges and opportunities.
 - (b) Student demand that may not be met satisfactorily by existing programs.
 - (c) Program duplication is primarily of concern at the graduate and professional levels; therefore, a duplicated graduate or professional program must be specifically justified in terms of state's needs, demand, access, and cost-effectiveness.
 - (d) The resources necessary for the program are available within existing programs; have been identified within existing budgets and will be reallocated; or will be secured to meet reasonable time lines for implementation, typically within a two-year limitation.
 - (e) The congruity of the proposed program with the campus mission and its strategic direction.
 - (f) Where appropriate and feasible, the program is a collaboration between two or more institutions that maximizes student access, academic productivity, and quality.
- (3) The review and approval process consists of the following steps:
- (a) Using the guidelines and format for submission of fully developed program plans, campuses will submit proposals to the Chancellor's Office, which will place the proposal on the next regular meeting agenda of the Academic Council. The Academic Council will review the program proposal in accordance with the criteria. If the proposed program is at the graduate level, an external review will be required and subsequently reviewed by the Academic Council.
 - (b) If no major issues are left unresolved as a result of these deliberations, the Chancellor's Office will provide abstracts of the program proposals to other Oregon post-secondary and higher education institutions and the state's Office of Degree Authorization. Under administrative rules implementing provisions of state law, the System is required to give notice of intention to establish a new program before final Board approval is given, in order to allow for resolution of any claims of "detrimental duplication" or "significantly adverse

impact” by an institution in another Oregon education sector. If no such claim is made in a timely manner, the internal process of program approval moves on to the next step. If a claim is made, the parties involved must follow the procedures specified in the state’s administrative rules before continuing on to the next step in the System’s approval process.

(c)

- (i.) If the Board’s criteria and the notice provisions are met, the vice chancellor will recommend the proposed program to the Chancellor for approval and placement on the Board’s consent agenda.
- (ii.) If, in the course of the Academic Council’s and Chancellor’s Office deliberations, it is determined that the proposed program does not meet the Board’s criteria and the institution wishes to proceed anyway, the program will be presented to the Board for review and disposition after the statewide notice provisions are met.
- (iii.) An annual summary of programs approved and programs closed will be reported to the Board.

2.021 Honorary Degrees

Each institution, with the concurrence of its faculty, may decide to award honorary degrees.

- (1) A institution wishing to award honorary degrees shall adopt criteria and procedures for selection to ensure that the award will honor outstanding contributions to the institution, state or society, and/or distinguished achievement.
- (2) Criteria and procedures for selection shall be forwarded to the Chancellor or designee for approval.
- (3) An institution with an approved selection process shall forward its nominations and a supporting case statement for each nominee to the Chancellor or designee. The annual process should be planned to enable the Board’s consideration at least 90 days before the date for awarding the degrees.

B. Instructional Program2.025 Academic Calendar

The regular academic calendar of the System shall consist of fall, winter, and spring terms, and a summer session.

- (1) After consultation with interinstitutional councils, as appropriate, the Chancellor's Office will set standard dates for the starting and ending of instruction for fall, winter, and spring terms, in order to facilitate interinstitutional curricular collaboration, articulation, and student access.
 - (a) A rolling five-year System academic calendar will be published annually.
- (2) Within the framework of the regular academic calendar, institutions are encouraged to offer alternative course formats and schedules to ensure greater curricular access and flexibility to constituents whose personal and/or professional commitments might preclude access to the traditional academic schedule.

2.030 Credit for College Courses Taught in High Schools or Through Distance Education

Each institution may offer college-level courses taught for credit in high schools or through distance education to serve high school students.

- (1) These course offerings shall be at the postsecondary level and in addition to high school-level courses required for graduation. When courses are taught at the high schools, course materials shall be the same as, or equivalent to, those of the institution awarding the credit.
- (2) Student eligibility for college-level credit courses will be mutually determined by the sponsoring institution and the high school.
- (3) The sponsoring institution will determine the registration processes and tuition.
- (4) Earned credits and grades will be transcribed by the sponsoring institution.
- (5) High school teachers of college courses shall possess comparable qualifications to instructors of the disciplines in the sponsoring institution, and shall be approved by the sponsoring institution's

departments. College teachers may also teach college courses for high school students.

- (6) Teaching/course evaluation practices shall be comparable to the practices of the sponsoring institution's department.

2.035 Undergraduate Transfer and Articulation

The Board affirms the importance for Oregonians to have maximum program articulation, course and credit transferability, and recognition of proficiencies that can be demonstrated. The Board recognizes that this is a shared responsibility among education providers and individuals. Toward achievement of these goals, the Board expects that:

- (1) In a changing environment with growing access to electronically delivered coursework, and transfer students presenting transcripts from multiple providers, System institutions should be flexible in accepting academic credits from accredited entities. Institutional practices should balance the integrity of a specific System institution's degree with the reality of the dynamic educational marketplace (so long as admission, degree program, and graduation requirements are met).
- (2) Each institution shall regularly update and publish information regarding course equivalencies between the institution's courses and partner community college courses and, in other ways, be responsive to transfer students' information and advising needs. Each institution shall also be guided by statewide agreements that enable broad-scale student transfer to occur among all System institutions and community colleges in Oregon.
- (3) Each institution shall develop policies and practices that accept a reasonable amount of professional-technical coursework as electives or related work into baccalaureate degree programs.
- (4) Where appropriate and feasible, institutions shall develop specific articulation agreements and co-admission/co-enrollment programs with community colleges and other partners in order to promote the orderly flow of students between and among institutions.
- (5) Through such mechanisms as the Joint Boards' Articulation Commission, the OUS Academic Council, and the Council of Instructional Administrators of Oregon community colleges additional transfer degree programs should be considered and, if appropriate, developed to prepare community college students for transfer into a broad array of baccalaureate programs.

2.040 Accreditation Reports

Each institution shall submit to the Chancellor or designee in a timely manner both self-study and visiting team reports related to periodic general institutional accreditation by the Northwest Association of Schools and Colleges. Reports of specialized accrediting bodies on academic disciplines or professional programs shall also be submitted.

Vice Chancellor for Academic Affairs**2.100 Duties of the Vice Chancellor for Academic Affairs**

- (1) Under the direction of the Chancellor, the Vice Chancellor for Academic Affairs directs work of the System Office relating to academic programs, student and faculty academic affairs, and school relations.
- (2) In the area of curricular and instructional affairs, the Vice Chancellor for Academic Affairs shall have full responsibility within the Board's Office for development of studies, policy analyses, and recommendations for the Chancellor and the Board.
- (3) In the areas of student affairs and faculty affairs, the Vice Chancellor for Academic Affairs shall have major staff responsibility. Aspects of student or faculty personnel issues that have fiscal implications shall be coordinated with the Vice Chancellor for Finance and Administration.
- (4) The Vice Chancellor for Academic Affairs will chair the Academic Council, an interinstitutional advisory group consisting of the chief academic officers of System institutions, whose primary functions shall include, but not be limited to: exchanging information, coordinating the planning of academic programs within the System, reviewing academic program proposals, encouraging collaborations, and stimulating and guiding a broad range of academic initiatives.

SECTION 3–STUDENT AFFAIRS

A. Review of Admission Requirements

3.001 Review of Undergraduate Admission Requirements

- (1) The Board shall review and set undergraduate academic admission requirements for the institutions. To enable timely institutional planning, program implementation, publications, and notice to prospective students, the Board shall approve admission requirements for each academic year not later than in February of the preceding calendar year.
- (2) Institution and Chancellor’s Office staff shall work with Oregon schools, the Oregon Department of Education and others, on effecting a coordinated transition from the traditional admission policy to the proficiency-based admission standards system (PASS) that aligns with legislatively-mandated changes in public K-12 education.

3.005 Establishment of Minimum Standards for Entry Into Programs

Each institution may establish minimum academic and other standards for entry into particular programs in excess of those established for the institution by general Board policy. In addition, the institution may selectively admit students into these programs on the basis of established standards. All standards established pursuant to this directive and the procedures applying to them shall comply with OAR 580-015-0025.

B. Financial Aid to Students, General Policy

3.010 Encouragement of Financial Assistance

To ensure maximum student access, the institutions shall provide financial assistance to students to the extent possible by encouraging gifts and grants for scholarships, loans, and other financial aids from government and private sources, and by developing and maintaining tuition remission scholarship programs from tuition revenues generated.

3.015 Assistance for Out-of-State Study

The Chancellor’s Office shall assist Oregon students to avail themselves of special study and student exchange programs out of state in accordance with

provisions of agreements with the Western Interstate Commission on Higher Education (WICHE) and other applicable student exchange agreements.

SECTION 4–STAFF AND FACULTY PERSONNEL

Career Support

4.001 Faculty Career Support Program

- (1) Each institution shall develop and maintain a faculty career support plan through appropriate institutional procedures that provide for input from appropriate faculty and institutional bodies.
- (2) Institution programs shall include:
 - (a) Objectives;
 - (b) Periodic evaluation of faculty, including consideration of appropriate performance indicators;
 - (c) Specific delegations of responsibilities to academic administrators, peer groups, and individual faculty members;
 - (d) Specific steps that will be taken to provide career support for faculty members, taking into account stage in career, career development needs, identified performance strengths, and any areas identified for improvement;
 - (e) The manner in which faculty compensation is related to the results of the periodic evaluation and career support needs of individual faculty members.

4.002 Post-Tenure Review

(Amended Meeting #680, February 17, 1999, pp. 10-11)

Recognizing that the quality of higher education is inextricably tied to the quality of faculty, the Board reaffirms its commitment to tenure, academic freedom, and maintaining an environment that supports sustained performance in teaching, research, and service. Further, the Board recognizes the rigorous, multi-year review process to which probationary faculty submit prior to the awarding of tenure, as well as the numerous ways in which tenured faculty performance is reviewed thereafter (e.g., student ratings of instruction, peer review of scholarly work, competitive sponsored research grants, juried exhibits and artistic performance). Nevertheless, for the purposes of more comprehensive review after tenure has been conferred and in accordance with the purposes stated in OAR 580-021-0140, each institution shall develop post-tenure review

guidelines, which shall be filed with the Chancellor's Office. Institutional guidelines shall include, but not be limited to:

- (1) A statement of post-tenure review objectives;
- (2) A statement of criteria to be used in evaluations, the nature and kinds of data that will be accumulated, and the methods of data collection;
- (3) A designation of persons making evaluations;
- (4) A designation of the frequency and regularity of evaluations;
- (5) A description of the institutional plan for relating post-tenure reviews to the faculty reward system, so that annual salary-adjustment decisions (i.e., increase, no increase, decrease) will reflect the results of performance evaluations;
- (6) A description of appropriate formative opportunities (e.g., professional development plan, faculty career support program [IMD 4.001]); and
- (7) A description of the institutional plan to deal firmly but humanely with situations in which a faculty member's competence or vitality have diminished to such an extent that formative opportunities are unable to sufficiently stimulate or assist the faculty member's return to a fully effective state. Any personnel actions for cause shall be implemented in accordance with OARs 580-021-0320 through 580-021-0470.

4.003 Career Support Program for Unclassified Employees

Each institution should develop and maintain a career support program for unclassified employees. The plan should provide for periodic evaluation including consideration of appropriate performance indicators. The plan should also include the manner in which unclassified compensation is related to the results of the periodic evaluation and career support needs of individual unclassified employees.

Compensation

4.111 Board Policy on Outside Activities and Related Compensation

- (1) Employees may engage in outside consulting or other work so long as it does not substantially interfere with institutional obligations.

- (2) “Employees,” as used in this policy, means an employee hired under the authority of the Board.
- (3) Laboratory and other institutional facilities and resources, including support staff and stationery, shall not be used in outside work for which the employee received remuneration unless expressly authorized by the institution. Such authorization may be included in the institution policy or as part of the approval of an employee’s specific request.
- (4) Remuneration received in accordance with IMD 4.011 and IMD 4.015 from sources outside the University System shall be considered official salary, honorarium, or reimbursement of expenses for purposes of ORS 244.040. Receipt of such compensation does not have to be reported under IMD 4.015(4) or (5) unless the outside work creates a potential conflict of interest as defined in ORS 244.020(8).

4.015 Institution Policy on Outside Activities and Related Compensation

Each institution shall adopt policies and procedures to implement IMD 4.011 to 4.015. Such policies and procedures shall:

- (1) Include appropriate measures, such as one day per week, which define faculty time available for outside activities related to the faculty member’s institutional responsibilities. Outside activities unrelated to institutional responsibilities and undertaken by faculty on personal time, regardless of whether compensated, are not subject to these Board of Higher Education and institution policies. However, if the faculty member, while on personal time, engages in outside activities that create a potential conflict of interest, the faculty member must provide written disclosure thereof in accordance with (4) and (5) below.
- (2) Identify the name(s) or title(s) of institutional administrator(s) assigned responsibility for reviewing and acting on requests to engage in outside activities related to the faculty member’s institutional responsibilities as referenced in (1) above.
- (3) Identify and describe types of outside faculty activity related to faculty institutional responsibilities and associated funding sources which the institution approves as a class(es) and which will not require review and prior approval, such as health care faculty clinical activities, services as an expert witness, and services other than those identified in IMD 4.010(4) and (6) below. If, however, the particular activity under the class creates a potential conflict of

interest, the faculty member shall provide a written disclosure thereof to a designated supervisor in accordance with (4) and (5) herein.

- (4) Require faculty to disclose to the named institutional administrator(s) in writing, and to receive prior approval on a case-by-case basis, to engage in outside activities involving any or all of the following:
 - (a) Acceptance of compensation, or ownership of equity in the case of a private entity.
 - (b) Service in a line management position or participation in day-to-day operations of a private or public entity.
 - (c) Service in a key, continuing role in the scientific and technical activity of a private or public entity.

Institutional case-by-case approval will not be required if the activity is included within the scope of an institution-defined class as established under (3) above.

- (5) Require that the faculty member's written disclosure, as referenced in (4) above, fully describe the:
 - (a) Type of work or consulting to be provided to the named entity;
 - (b) Nature of the relationship (e.g., employer/employee, entity/contractor, or consultant);
 - (c) Anticipated time commitment;
 - (d) Expected benefits to the entity, faculty member, and institution;
 - (e) Use of institutional facilities and support personnel, if any, and method of reimbursing institution for both direct and indirect costs, if institution approves such use; and
 - (f) Financial arrangements pertaining to funding sources of compensation, including equity ownership and other forms of economic value provided the faculty member or any immediate member of the faculty member's family.

- (6) Require the institutional administrator(s) to consider the following when reviewing written requests to engage in outside activities:
 - (a) Written disclosures identified in (5) above.
 - (b) Contributions of the relationship to the faculty member's primary obligation to the institution and its support of the academic integrity of the institution as well as the faculty member's interdepartmental relationships.
 - (c) Prospective non-financial benefits to the faculty member and institution.
 - (d) Average time commitment over an academic term, such commitment not to exceed the limits established by the institution unless the institutional administrator(s) determines that the activity provides extraordinary benefit to both the institution and the participant as a faculty member. In cases where the time limits are to be exceeded, the faculty member shall disclose the amount of time in excess of the limits, and the institutional administrator(s) shall document in writing the rationale for approving the request to exceed the limits.
 - (e) Assurances that the outside activity does not substantially interfere with the faculty member's instructional, research, and other related institutional responsibilities, including those to students. Special attention must be given to the intellectual property interests of students who may create and claim ownership to such property developed in the process of completing their academic programs.
 - (f) Appropriateness of the use of institutional facilities and support personnel, if approved, including written documentation that the full cost thereof will be reimbursed to the institution.
- (7) Establish the type, nature, and extent of the information required to be reported under (2) through (6) above, which shall be made a part of a faculty member's confidential personnel record.
- (8) Provide a process whereby a faculty member dissatisfied with a decision of an authorized administrator may appeal that administrator's decision to another institutional authority. That authority shall be vested with power to make a final determination relative to authorization to engage in the outside activity.

- (9) Provide for the institutional president to report to the Chancellor's Office by August 31 of each year any change in institutional policy on outside activities and evidence of procedures followed in monitoring faculty and family acceptance of compensation and equity for outside activities of the faculty member.
- (10) Specify appropriate sanctions against faculty who fail to comply with Board and institutional policies and procedures concerning outside activities and acceptance of related compensation and equity.
- (11) Be submitted to the Chancellor's Office for review and approval prior to adoption.

4.020 Travel Awards and Bonuses

- (1) Employees traveling on System business must use routes, schedules, and airlines that provide the lowest rates and the most efficient travel.
- (2) Because the cost of recordkeeping outweighs the nominal monetary benefit to the System, frequent-flyer bonuses earned by employees traveling on System business are part of the employment package and may be used by employees as they choose unless the institution determines otherwise for specific employees or the terms of a grant or sponsorship do not permit.

4.021 Use of Telephones

- (1) System campus and cellular telephones are intended primarily for conducting System business. Notwithstanding, employees may use System telephones for personal calls when that use will be more efficient to the overall conduct of the System's business.
- (2) Employees shall reimburse the System for any direct costs incurred by the System for use of System campus and cellular telephones for personal use, consistent with (1). Any benefit the employee receives because of System rates shall be considered part of the employee's compensation.

4.022 Use of Computers

Personal use of computing facilities, Internet connections, and e-mail is acceptable as long as it does not interfere with an employee's ability to perform job duties or with the ability of other users to carry out their job duties or does not violate the other provisions of acceptable use contained in institution or Chancellor's Office policy.

Miscellaneous

4.200 **Board Policy on Endowed Chairs**

Institutions may accept gifts for endowed chairs consistent with the requirements of (1) - (4) of this directive. If an endowed chair is created for a Chancellor, president, or Vice Chancellor, the Board shall apply the same guidelines. If an endowed chair is created for a member of the Chancellor's staff or an institution vice president, provost, or comparable position, the Chancellor shall apply the same guidelines.

- (1) The gift is consistent with the Board's policy on receipt of gifts contained in OAR 580-042-0010(1);
- (2) The institution establishes the salary for the chair, selects the occupant of the chair, and makes decisions regarding the allocation of funds between salary and other types of educational, institutional, and professional support for use by the holder of the chair;
- (3) Expenditures from endowed chair funds will be paid through institutional accounts, unless expressly authorized otherwise; and
- (4) The Chancellor shall approve any exceptions to the above policy in writing. If the endowed chair is one authorized by the Chancellor or Board President, the Board President shall approve any exceptions.

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SECTION 6—FINANCE AND BUSINESS AFFAIRS

Accounting Policies

6.001 Assignment of Responsibility

Subject to review and modification by the Chancellor or the Board, the Vice Chancellor for Finance and Administration shall be responsible for:

- (1) Developing detailed regulations applicable to creation and maintenance of accounting policies, records, and reports.
- (2) Providing central fiscal and accounting services, including payroll accounting, property accounting, and disbursement of state, federal, and all other funds under Board control.
- (3) Auditing and reviewing institutional and other unit accounting procedures and records to assure conformity with statutes, Administrative Rules, Board policies, and accepted accounting principles and procedures.
- (4) Preparing accounting and other financial reports, including a comprehensive, annual report of Department assets, liabilities, reserves, income, expenditures, and balances.

6.002 Institutional Responsibility

The institutions and other Department administrative units shall maintain accounting records and related documentation in such form and detail as required by the Office of Administration and may maintain additional records deemed essential to effective institutional administration.

6.003 System of Accounting Records and Reports

Department accounting records and reports shall be in conformity with generally accepted accounting principles for higher education institutions and hospitals and shall be designed to meet institutional requirements for information to facilitate effective management and to discharge the Department's fiduciary responsibility to the people of the state.

6.004 Cash Funds

All funds made available to the Department or any of its units, whatever their source, shall be entered in the accounting records and disbursed in accordance with procedures established by the Vice Chancellor for

Finance and Administration. Gifts to an institution should be deposited in the State Treasury unless the donor intended the gift to be made to an affiliated organization.

6.005 Cash Receipts

Cash receipts shall be deposited promptly in accordance with requirements established by the Vice Chancellor for Finance and Administration.

6.006 Working Funds

The Vice Chancellor for Finance and Administration must authorize the use of revolving funds and petty cash funds, as necessary, for Department activities. Prior approval for deposit of such funds in commercial banks must be obtained from the Vice Chancellor for Finance and Administration.

6.008 Disbursements

The Vice Chancellor for Finance and Administration shall establish procedures to assure that Department funds are paid out only for lawful purposes and in accordance with Board policies.

6.009 Financial Irregularities

(Adopted by the Oregon State Board of Higher Education, Meeting #699, October 19, 2001, p. 62)

Applicability:

All Oregon University System employees.

Policy Statement:

The Oregon University System (OUS) is committed to the highest standards of morality and ethical behavior. All employees of the Oregon University System shall report known or suspected financial irregularities to their department manager, who is responsible for forwarding the report to the institutional designated administrator. The institutional designated administrator must report known or suspected financial irregularities to the Oregon University System Internal Audit Division in accordance with institutional policy. All parties involved must handle the reports with confidentiality and objectivity.

It is important that when an employee makes a good faith report of known or suspected financial irregularities, this employee feels safe and protected from retaliation. The Oregon University System shall take steps

to protect the reputation and maintain the confidentiality of the employee that is reporting the suspected financial irregularity. The Whistleblowers Protection Law defined in ORS 659.545 protects employees disclosing fraud in good faith. Persons found to be making frivolous claims under this policy will be subject to disciplinary action.

Definitions:

Financial Irregularities are intentional misstatements or omissions of information related to financial transactions that are detrimental to the interests of the campuses or System. These may include violations of relevant Federal, State, OUS or campus laws, rules, and procedures.

These acts include, but are not limited to embezzlement, fraud, and forgery or falsification of reports, documents, or computer files to misappropriate assets.

Suspected Financial Irregularity is a reasonable belief or actual knowledge that a financial irregularity is occurring or has occurred.

Department Manager is the immediate supervisor or individual with administrative responsibility for the unit where the suspected financial irregularity is occurring or has occurred.

Institutional Designated Administrator as defined in the OUS institutional financial irregularity policy and procedure.

Related References:

1. Oregon Revised Statutes Chapter 659.505 to 659.545, *Oregon Whistleblower Law*
2. OUS Institutional Financial Irregularity Policy and Procedures
3. Oregon Revised Statutes Chapter 297, *Investigating Loss of Public Funds or Property*, 297.120
4. Department of Administrative Services Policy Manual, Number 125-7-203, Issuing Division-Risk Management Division, *Employee Dishonesty Policy*

Budget Policies

6.050 Institutional Responsibility

In accordance with instructions from the Vice Chancellor for Finance and Administration or a designee, the institutions, divisions, and statewide services shall provide detailed descriptions of their biennial plans and programs and the resources required for them.

6.051 Special Requirements

- (1) All auxiliary enterprise and service activities shall be budgeted separately from Education and General activities and shall receive no subsidy from state funds, except as otherwise permitted by Board Administrative Rule or established by Board's Office fiscal directives. However, joint use of auxiliary facilities for instruction and related activities may be accounted for by means of proportionately funded support from Education and General Services resources.
- (2) Alumni associations may be subsidized only to the extent of providing office space and funds to maintain alumni records necessary for Department requirements.

6.052 Budget Development Process

The Chancellor shall review the biennial budget requests developed by the institutions, divisions, and statewide services, conferring with other Department personnel as necessary, before submitting recommendations for Board consideration.

6.053 Annual Operating Budget--Board Approval

- (1) No funds appropriated or limited in their expenditure by the Legislature may be authorized for disbursement by an institution, division, or statewide service, unless approved by the Board as a part of the annual budget plan, except as delegated to the institution or public service executives or the Chancellor.
- (2) Transfers between funds or institutions not anticipated in the budget require Board approval unless otherwise delegated to the Chancellor for approval.

6.054 Annual Operating Budget Planning

- (1) Consistent with legislative appropriations and Executive Department allotments, the Vice Chancellor for Finance and Administration shall develop plans for the annual operating budget pursuant to Board policy and the Chancellor's instructions.
- (2) Institutions, divisions, and statewide services shall provide such assistance in developing the annual operating budget as the Executive Vice Chancellor deems necessary.

6.056 Annual Budget Adjustments

- (1) Each president, division head, or statewide service executive is personally responsible for maintaining expenditures within limits established by the annual operating budget approved by the Board.
- (2) Presidents, division heads, and statewide service executives may make transfers within budget accounts.
- (3) Presidents, division heads, and statewide service executives may make transfers between budget accounts provided that such transfers do not exceed the total budget authorization of the institutions and divisions and provided that they conform to budget limitations.
- (4) The Chancellor is authorized to:
 - (a) Determine the distribution of unallocated Board funds reserved for designated purposes.
 - (b) Reallocate budgeted allocations among institutions when required to accommodate changes in accounting processes, implement revised fiscal policies, make corrections, or other such adjustments which contain no policy or program decisions requiring Board consideration.
 - (c) Allocate adjustments in the appropriations and expenditure limitations approved by legislative authority.
 - (d) Approve reductions in budget plans when resources are projected to be inadequate to support authorized expenditure levels.

6.057 Balances in Budget Accounts

All unobligated net budget balances remaining at each institution at the close of each fiscal year shall be returned to the Board's fund balances, except for those in auxiliary enterprises, service activities, approved reserves, and balances authorized as institutional funds which may be carried over from one fiscal year to the next.

6.058 Equipment Replacement Account

The Agricultural Experiment Station-Oregon State University is authorized to use a -56X- Equipment Replacement Account for the funding of depreciation for the replacement of any piece of equipment whose purchase price exceeded \$2,000. The Equipment Replacement Account

provides a mechanism for the funding of depreciation by making charges to -05X- Current Unrestricted funds and other accounts for the replacement of equipment. The Agricultural Experiment Station-Oregon State University shall submit a plan to the Vice Chancellor for Finance and Administration detailing the use of the Equipment Replacement Account. The plan must contain the type of equipment that will be purchased and the depreciation method to be used. The Agricultural Experiment Station-Oregon State University is authorized to purchase equipment directly from the Equipment Replacement Account.

6.060 Education and General Facilities Maintenance and Repair—Guidelines

Beginning with fiscal year 1987-88, and for each year thereafter if the Legislature provides the funds, each institution shall budget in its annual operating budget, in a separate -050- account entitled Facilities Maintenance and Repair, an amount no less than three-quarters of 1 percent of its Education and General Building replacement value as reported for Restoration Fund purposes. The funds so budgeted cannot be transferred from this account or expended for any purpose other than facilities maintenance and repair without prior approval by the Board. Unobligated budget balances remaining at the close of a fiscal year may be carried forward for facilities maintenance purposes to the next fiscal year; however, any balance carried forward cannot be considered as a part of the three-quarters of 1 percent maintenance and repair requirement for that fiscal year.

Investment Management

(Amended by the Oregon State Board of Higher Education, Meeting #708, July 19, 2002, pp. 74-75)

6.105 Assignment of Responsibility

- (1) Except for arrangements pursuant to Section 6.140(5), the Vice Chancellor for Finance and Administration is authorized to purchase, sell, or exchange securities for the Board. Prior approval of the Board President or the Chairman of the Investment Committee is required for any transaction undertaken by the Vice Chancellor for Finance and Administration involving amounts in excess of \$100,000, except that approval is not required for transactions necessary to maintain the asset allocation of the Pooled Endowment Fund within the ranges established within Board policy, purchases of securities of the United States, its agencies, or Certificates of Deposit of Oregon banks.

- (2) The Vice Chancellor for Finance and Administration may transfer, endorse, sell, assign, set over, and deliver stocks, bonds, debentures, notes, evidences of indebtedness, or other securities standing in the name of or owned by the Board, and may make, execute, and deliver any instruments necessary to effectuate such authority.
- (3) The Vice Chancellor for Finance and Administration may designate staff members to act on specifically identified transactions or limited responsibilities referred to above.

6.110 Voting Stock Ownership

- (1) Except as otherwise provided by law, by direction of the Board or the Investment Committee, the Vice Chancellor for Finance and Administration is authorized to vote stock ownership in accordance with the recommendations of corporate management. In the absence of such recommendation, or if deemed prudent to deviate from management recommendations, the Vice Chancellor for Finance and Administration shall consult with the Board President or the Chairman of the Investment Committee before voting the affected stocks.
- (2) The Vice Chancellor for Finance and Administration may seek the assistance and counsel of such persons as deemed advisable.

6.115 Custody of Board Securities

- (1) Custody of the Board's securities is placed with the Vice Chancellor for Finance and Administration or a designee, and authority is granted to make arrangements for their safekeeping.
- (2) The Vice Chancellor for Finance and Administration or a designee is authorized and empowered to obtain, deposit, and release securities from banks to protect funds for the Department.

6.125 Delegation of Investment Authority

Subject to such conditions as may be imposed, and compatible with statutes and Administrative Rules, the Vice Chancellor for Finance and Administration may delegate to the Controller responsibility for assuring effective investments of the Higher Education Bond Building Fund, the Higher Education Bond Sinking Funds and the Current Donation Fund.

6.130 Reports on Investments

- (1) The Vice Chancellor for Finance and Administration shall report to the Investment Committee of the Board not less than semi-annually on corporate stock investment status and transactions. The report shall, among other matters, provide information regarding the market and book values of the stocks, the current dividend rate, purchases and sales, and gains and losses.
- (2) The Vice Chancellor for Finance and Administration shall report to the Investment Committee of the Board at least annually on all investments of all funds, with such recommendations as are appropriate.

6.140 Endowment Fund Investments

- (1) Gifts designated by the donor as endowments will be pooled for investment purposes. The investment of these endowments will be governed by statute and by investment objectives and policy guidelines approved by the Board.
- (2) Dividend and interest income in excess of the amount needed to fund the annual participant requirements specified in 6.140(1) are placed in an endowment fund reserve account and reinvested. Securities may be sold to provide cash equivalent to the income needs; however, the book value of endowments may not be invaded.
- (3) Some gifts or bequests are subject to investment conditions stipulated by the donor that prevent the investment of moneys in security pools. The investment program for these gifts and bequests shall be as directed by the terms of the gift or will, and pursuant to statute and Board policy.
- (4) The Vice Chancellor for Finance and Administration is authorized to arrange through the Oregon Investment Council for the management of the investment of the Board's endowment funds.
- (5) Any individual donation or gift which equals or exceeds \$100,000 in total market value, regardless of the type of gift or the accounting periods in which it is received, shall be designated a quasi-endowment. The Vice Chancellor for Finance and Administration may authorize exceptions up to \$500,000. The Board may authorize exceptions in excess of \$500,000. Any quasi-endowment account balance that has a market value of less than \$100,000 may, at the discretion of the institution, and with prior approval of

the Vice Chancellor for Finance and Administration, be transferred to the Current General Fund or the Current Restricted Fund. Any individual donation or gift of less than \$100,000 may be designated a quasi-endowment at the discretion of the institution.

6.141 Accounting

The Vice Chancellor for Finance and Administration shall authorize the expenditure of moneys from the various quasi-endowment accounts pursuant to the Board-approved or authorized budget program for the current fiscal year, subject to the exercise of prudent judgment.

Licensing, Patent, Educational, and Professional Materials Development, and Copyright Policies and Procedures

6.205 Application of Policies and Procedures

The policies for licensing, patents, educational and professional materials development, and registration of copyrights apply to all Department of Higher Education employees whose work-related assignments, regardless of location, might enable them to develop new knowledge which was conceived purposely or fortuitously. The policies also apply to other persons using institutional facilities, personnel, or other resources.

6.210 Definitions

- (1) Inventions or technological improvements to which these policies apply include any new and useful process, machine, device, manufacture, or composition of matter, and any new and useful improvements.
- (2) Educational and professional materials to which these policies and procedures apply are those used or distributed primarily for the formal or informal instruction or education of professional or general students. Such materials may result from the instructional, research, or public service activities of employees.
- (3) Materials to which these policies and procedures apply are exemplified by:
 - (a) Writings, lectures, study guides, books, textbooks, journal articles, glossaries, laboratory manuals, proposals, musical or dramatic compositions, listings, tables, charts, graphs, figures, manuals, codes, software, unpublished scripts, and programmed instructional materials.

- (b) Video and audio recordings, live video and audio broadcasts, cassettes, tapes, films, filmstrips, slides, transparencies, and other reproductions and visual aids.
- (c) Computer programs and computer-assisted courseware.
- (4) Inventor(s) means the individual(s) who first conceived the idea, invention, or technological improvement.
- (5) Author(s) means the individual(s) responsible for primary subject-matter guidance and development of educational and professional materials.
- (6) Material is said to be in the public domain if it is not protected by common law or statutory copyright and, therefore, is available for copying without infringement.
- (7) Publication occurs when by consent of the copyright owner, the original or tangible copies or phonorecords of a work are sold, leased, loaned, given away, or otherwise made available to the general public, or when an authorized offer is made to dispose of the work in any such manner, even if a sale or other disposition does not in fact occur.
- (8) The term "owner" refers to the party who owns or controls the copyright and who has the right to sell, assign, distribute, or license the use of such material.
- (9) Board- and institution-assisted effort is individual effort that involves institution and Board support in the form of significant personnel time, facilities, or other resources.
- (10) Sponsored effort is institution-assigned effort, and assignment, among others, to conduct research and to develop materials, with substantial or all of the personnel time, facilities, or other resources for the assignment being provided by the institution and Board, or an outside sponsor such as a federal agency or private corporation.

6.215 Rights to Inventions, Technological Improvements, Educational, and Professional Materials

- (1) The Board reserves the ownership rights to all institutional work-related inventions, and to educational and professional materials developed with institutional resources, including the right to a free and irrevocable license for usage, and if desired, the licensing for use by others. The foregoing does not preclude an

institution employee from granting copyright privileges to the publisher of a scholarly or professional journal when no compensation or royalty is involved.

- (2) Educational and professional materials shall be considered as having been developed in the course of employment in those cases when the individual was employed for the specific purpose of preparing or producing the material, or was specifically directed to develop the material as part of general employment duties and responsibilities.
- (3) Lecture notes and other materials prepared by academic staff in connection with a teaching assignment and with only incidental use of institutional facilities, funds, staff, and other resources normally shall be viewed as flowing from individual effort and initiative and shall not be construed as having been produced in the course of discharging the obligations of employment.
- (4) Funds and facilities provided by governmental, commercial, industrial, or other public or private organizations, but administered and controlled by the institution and Board, shall be considered to be funds and facilities provided by or through the institution and Board.
- (5) If it is determined that inventions or materials developed are not related to work or to an assigned project and that development involved no or minimal use of institutional funds or facilities, or that the material developed is incidental to the individual's work assignment, or that the institution and Board have no right, vested interest, or claim in an invention, and the institution decides to forego the licensing or patenting of an invention or the publishing and copyrighting of the material, the president or designee may recommend to the Vice Chancellor for Finance and Administration or a designee that the Board's interest and rights be waived, and that a statement be issued which waives any institution or Board claim. Such a waiver may be granted only if pre-existing commitments to sponsoring agencies have been cleared. Upon receipt of such waiver, the inventor or author shall be free to take such further steps as desired. In the case of an invention, however, the institution has usually provided substantial laboratory, supply and equipment support. Therefore, the president or designee will normally recommend the execution of a limited release only after the institution has exhausted efforts to license or patent the invention. This release enables the inventor to exploit the invention and recover reasonable exploitation, licensing, and patenting costs related thereto and a sum up to \$10,000 out of the royalty income

receipts, with the inventor and the Board sharing equally in the balance of the net royalty income.

- (6) Except as provided above, the ownership rights to all forms of educational and professional material in the form of books, musical or dramatic composition, architectural designs, paintings, sculptures, or other works of comparable type developed by institution and Board employees, either in conjunction with or aside from their employment, shall accrue to the author, unless the material is prepared in compliance with contractual provisions or as a specific work assignment, or significant institutional and Board resources were utilized. An academic staff person's general obligation to produce scholarly works does not constitute such a specific institution or Board assignment.

6.220 Research and Development of Inventions and Materials with Outside Organizations

- (1) In accepting grant and research funds from governmental, nonprofit and commercial agencies, the institution and researcher shall agree to the conditions in the agreement with the sponsoring agency pertaining to licensing, patent policies, and ownership of all copyrightable material conceived and developed in the course of work required by the agreement. Such agreements shall normally include provisions enabling the institution to publish the findings of research and rights to take title to patentable inventions, discoveries, and educational and professional materials arising from the work performed. In the absence of such agreement or terms, the products shall be the property of the institution and Board.
- (2) At the time any sponsored assignment is made and when inventions, new technology, or materials subject to copyright may be expected to be produced, affected institutional staff are to be advised of copyright limitations and rights to inventions imposed by extramural sponsors as well as institutional and Board policies and procedures regarding the same.

- (3) In cases where it appears in the interest of the Board, institution, inventor, and sponsor, and upon the recommendation of the president or designated administrator, the Vice Chancellor for Finance and Administration or designee may grant rights to the sponsor, including the right to acquire a proprietary interest in and to any invention or patent developed during the sponsored research project.
- (4) When an invention is developed in the course of sponsored research, the sponsor may be granted a non-exclusive license for its own use and, only if appropriate, an option to acquire a limited term, royalty-bearing, exclusive license to such invention.

6.225 Disclosure of Inventions and Copyrightable Materials

- (1) Employees and any other persons who conceive or develop inventions or technological improvements while engaged in activities utilizing institutional resources shall report the findings on a Department of Higher Education standard disclosure form to, and confer with, the institutional committee, or person designated by the president to administer licensing, patent, educational and professional materials development and copyright policies and procedures. The purpose of the disclosure of an invention or materials developed is to enable the institution to determine potential for licensing, patenting, publishing, and registering of copyright, and the equities of the inventor, author, institution, and Board. Disclosure of details of an invention that might jeopardize the licensing or patent potential may be delayed until the committee or president designee has acted.
- (2) If it is determined that the Board and institution have vested interest and claim in an invention, the inventor shall enter into a standard Department of Higher Education Licensing and Patent Assignment Agreement. The agreement shall be prepared initially at the institution.

6.230 Agreement To Assign Rights

- (1) As part of the acceptance of the Notice of Appointment, each academic employee is obligated to comply with conditions of employment including agreement to assign rights to inventions conceived and materials developed while employed by the institution.
- (2) In cases where a Notice of Appointment is not used, and the employee's work involves potential for discovery or invention, the

employee shall execute a standard Department of Higher Education Agreement to Assign Invention, Licensing, and Patent Rights prepared at the institution.

6.235 Administration of Policies and Procedures

- (1) The Board delegates to the Vice Chancellor for Finance and Administration or designee authority to work with each president or designated administrator to obtain licensing, production, and publishing agreements and patents, develop and approve forms used in administering licensing and patent policies, and execute all types of agreements, waivers, releases, and net royalty distribution agreements.
- (2) Each institution and the Board reserve the sole right to make agreements with sponsoring agencies and to include therein provisions regarding ownership and disposition of rights in inventions and materials deemed to be in the interest of the institution, Board, and public.
- (3) The president is responsible for informing employees regarding Board licensing, patent, educational, and professional materials development, and copyright policies and procedures. The president may delegate this responsibility to a committee or an administrator.
- (4) The duties of the president, committee or a designated administrator shall be:
 - (a) To protect confidentiality of the inventor's or author's disclosure.
 - (b) To counsel with the inventor or author, examine the invention or materials disclosure, and appraise the equities of all concerned parties. If it is determined that the institution and Board have no rights, vested interest, or claim, the committee or administrator shall recommend that the president seek a release or waiver for the inventor or author.
 - (c) To counsel with the inventor or author concerning Board policies and procedures applicable to the invention or material, and with policies of sponsoring agencies, if any, and to assist with compliance.
 - (d) To recommend to the president options for maximizing public, Board, institution, and inventor or author benefits when seeking licenses, patents, and publishing agreements.

Such action shall be preceded by the execution by an inventor of a Licensing and Patent Assignment Agreement initiated at the institution.

- (e) To recommend to the president appropriate action pertaining to the invention or material within 60 days after its disclosure.
- (5) When institutional facilities are utilized on a reimbursable basis to develop educational or professional materials or to conduct research on an invention, an agreement shall be prepared and recommended by the president or designee to the Vice Chancellor for Finance and Administration or designee. Such agreement shall be executed in advance of use of the facilities and shall set forth the understanding regarding the use of facilities, ownership rights, and financial arrangements.

6.240 Determination of Equities

In determining equities relating to ownership rights in an invention or material, institutional personnel and the Vice Chancellor for Finance and Administration or designee shall follow these guidelines:

- (1) Consideration shall be given to the equity of all parties in light of circumstances surrounding the development of the new knowledge.
- (2) If an invention or material is deemed to be the result of joint efforts, an agreement shall be reached among the inventors or authors, institution, and Board for distribution of any royalties. The total of net royalty income paid to all inventors or authors shall not exceed the maximum percentage of net royalty income that Board policy allows to be distributed to a single inventor or author.
- (3) In the event an agreement cannot be reached regarding the amount of equity of each party and subsequent distribution of net royalty income, the president shall recommend resolution to the Vice Chancellor for Finance and Administration after having taken affirmative steps to assure thorough consideration of the equities of all parties.

6.245 Commercialization of Inventions

- (1) The Board encourages the president to assist the invention commercialization process to the extent that the invention contributes toward fulfillment of the institution's mission. Resource allocation for licensing, patenting, and technology transfer, however, is the responsibility of the president.
- (2) The president, designee, or appointed committee shall counsel with inventors to determine how to make the invention available to industry and the public in an effective and non-discriminatory manner, to obtain reasonable royalties for use in furthering institutional education and research objectives, and to reward the inventor through participation in net royalty income received.
- (3) When feasible, the president or designated administrator shall recommend that the Vice Chancellor for Finance and Administration grant non-exclusive, royalty-bearing licenses to all qualified organizations. Exclusive licenses may be recommended if it is determined that such a license is required in the best interest of the public, Board, institution, and inventor in order to encourage marketing and eventual public use of the invention.
- (4) Before granting an exclusive license, a bona fide effort shall be made by the institution to apprise qualified organizations known to be interested in the subject matter of the invention and in developing the invention through a non-exclusive license.
- (5) When it is deemed appropriate to grant an exclusive license, the length of exclusivity shall be limited to that time deemed necessary to provide the licensee with the necessary incentive and opportunity to market the product and recover developmental costs, usually not more than five years from the date of first commercialization of the invention, or the issuance of a patent, whichever comes first, and a non-exclusive license for the life of the patent. Exclusive licenses may include the right of the licensee to sublicense others. The Vice Chancellor for Finance and Administration and the Chancellor may approve exceptions to the length of exclusivity, when justified and recommended by the institution.
- (6) Licensing and sponsored research agreements shall include provisions:
 - (a) Prohibiting the use of the name of the researcher, institution, and Board, either directly or implied, in any advertising relating to the commercialization of the product or process or

in supporting evidence provided in prospectus literature, and the use of any statements which imply approval of the licensee's or sponsoring agency's marketing techniques, business objectives, or relationships with wholesalers, retailers, or consumers. Exceptions to this policy require Board approval.

- (b) Indemnifying the institution against any and all claims, demands, damages, costs, and other related items arising from the manufacture, use, or sale of the licensed invention or process, and, whenever possible, from any liability for damages resulting from a final judicial determination that such commercial utilization of the invention constitutes an infringement of any third party patent.
- (c) Allowing the institution to produce and use the invention or process for its own educational or research purposes.
- (d) Allowing the institution and inventor to publish the findings of research and to continue with research related to the process or invention including publication of future findings.
- (e) For receiving or examining accounting records maintained by the licensee and any sub-licensees.
- (f) For removing licensing rights and terminating the agreement should the licensee fail to develop and market the product within a reasonable time.

6.250 Distribution of Royalties

- (1) The Vice Chancellor for Finance and Administration or designee, upon the recommendation of the president, shall act on behalf of the Board to conclude agreements to share net royalty income accruing to the Board from licensing and patent agreements, and from the sale, lease, or licensing of materials outside the institution.
- (2) Agreements involving the sharing of net royalty income shall be initiated in writing at the institution and recommended by the president or designee to the Vice Chancellor for Finance and Administration or designee for review and approval. In determining disposition of income, due consideration shall be given to the equity of all parties in the light of all circumstances surrounding the development of the invention or material.

- (3) Prior to distribution of any royalty income, the Vice Chancellor for Finance and Administration or designee shall require deduction from gross royalty income, of all institutional expenses and reasonable costs incurred in developing the invention or material, expenses incurred in enforcing or defending any patent, copyright litigation, licensing, interference, and marketing costs attributable to the invention or material, as well as any other expenses deemed necessary to recoup.

Gross royalty income minus all such costs and expenses constitutes net royalty income.

- (4) The maximum net royalty income that may be distributed to the inventor shall be 40 percent of the first \$50,000 of net royalty income received by the Board, 35 percent of the next \$50,000, and 30 percent of all additional net royalty income.
- (5) The maximum net royalty income that may be distributed to the author shall be 50 percent of the net royalty income received by the Board.
- (6) Net royalty income received by the Board, less the amount distributed, if any, shall be dedicated to the institution of the inventor, or author, subject to the limitation of ORS 351.250. The use made of such net income shall be at the discretion of the president, subject to Board-established budget policy.
- (7) If the originator and developer of an invention or author of material cannot be determined, or if the inventor or author waives any claim to net royalty income, the percent share of royalties intended for such person may be distributed, upon recommendation of the president or designee, to the originating department, laboratory, or center at the institution.

6.255 Copyright Registration Procedures

In establishing copyright registration procedures, institutional personnel and the Vice Chancellor for Finance and Administration or designee shall follow these guidelines:

- (1) All educational and professional materials developed with significant Board and institution-assisted effort shall be registered for copyright, at the option of the institution and Board, in the name of the institution and Board. The institution and Board shall provide for disclosure of appropriate credits and shall counsel with participating employees regarding presentation of materials.

- (2) Educational and professional materials developed with minimal Board- or institution-assisted effort should be registered for copyright, if at all, in the name of the author. The author and the president or his designated representative will agree upon the cost of institutional support for such effort, and the author will reimburse the institution for such costs out of royalties received from the registered materials.
- (3) Materials developed under sponsored assignments should be registered for copyright, if at all, in the name of the institution and the Board, with appropriate acknowledgment to the author. The institution and author are obligated to adhere to any publication rights included in agreements made with grant or contract sponsors.
- (4) Educational and professional materials developed solely by individual effort shall be registered for copyright, if at all, in the name of the author. All rights, including those to royalties, reside with the author.

Financial Management of Bonded Debt Relating to Auxiliary Enterprises and Other Self-Liquidating Activities

6.316 Residence Hall Emergency Reserve Fund

The purpose of the Residence Hall Emergency Reserve Fund (Reserve) is to provide for unanticipated financial emergencies in the residence hall operations, which could otherwise affect the ability of a single institution to support the payment of its debt service obligations. The Reserve shall not be a supplemental source of funds that may be considered or relied upon when planning for the financing of construction, renovation, or repair/upgrade of projects. Each institution must have a business plan in place addressing current and future needs of its student housing operations and how it intends to fund those needs through institutionally-initiated efforts. The policy described in this section shall apply to residence hall operations referenced in section 6.300(1)(a) above.

- (1) Specific Provisions:
 - (a) The Reserve will be funded by an institutional payment equivalent to twenty dollars (\$20) per occupant, per year, based on the number of students living in the residence halls referenced in section 6.300(1)(a).

- (b) The number of students for purposes of (a) shall be determined by the prior year three-term average residence hall occupancy as of the fourth week of each term. (An "occupant" is any student living in a residence hall who is not a residence hall director.)
 - (c) Institutional payments to the Reserve will be made by May of each year beginning in fiscal year 1999-2000. All payments to the Reserve will be monitored by the Chancellor's Office with a record kept of payments made by each institution.
- (2) Institutional payments to the Reserve will be made for eight (8) fiscal years, 1999-00 through 2006-07. In 2006, the Board will review the provisions and status of the Reserve.
 - (3) Interest earnings of the Reserve through June 30, 2007, will accrue to the Reserve. Distribution of interest earnings thereafter will be determined by the Board.
 - (4) Authorization for use of funds from the Reserve shall require a written application and comprehensive business plan from the requesting institution. The application and business plan shall be submitted to the Vice Chancellor for Finance and Administration for approval.

Financing Reserves for Repair or Replacement of Depreciable Assets of Auxiliary Enterprise and Other Self-Liquidating Activities

6.350 Building/IOTB Repair and Equipment Replacement Reserves for Auxiliary Enterprises and Other Self-Liquidating Activities

- (1) Auxiliary enterprises and other self-liquidating activities shall maintain building/IOTB repair and equipment replacement reserves for the purpose of funding the cost of repairs or replacement of depreciable assets. Such reserves should be sufficient to promote the efficient and effective operation of the related operating unit, avoid significant fluctuations in fees charged for services, and minimize the potential for unanticipated financial shortfalls that may impact the other funds of the institution.
- (2) Each auxiliary enterprise and other self-liquidating activity shall determine the appropriate level of repair reserves for buildings and improvements other than buildings (IOTBs) and equipment replacement reserves based on a capital asset management plan (Plan) that is prepared/updated at least annually and approved by the institution's vice president for finance and administration or

designee. The Plan required under this provision will be based on a minimum five-year planning horizon and will assess the repair or replacement needs of each asset or asset class and include an analysis of the annual funding necessary to accumulate the funds required to execute the plan. When preparing/updating the Plan, consideration should be given to the availability of interest earnings on reserves of auxiliary enterprises in order to maximize the benefits of setting aside reserve funds. The Plan required under this section must be retained for audit purposes.

- (3) Each auxiliary enterprise and self-liquidating activity with capital assets of \$150,000 (recorded cost) or more will prepare and retain the capital asset management plan (Plan) referred to in section (2) above. Should the Plan indicate the need for building/IOTB repair and/or equipment replacement reserves, a fund should be established for those purposes (if not already established) and funded accordingly. Institution-specific policies will determine whether activities with less than \$150,000 (recorded cost) of capital assets will prepare a Plan and establish and fund any reserves.
- (4) Generally, building/IOTB repair and equipment replacement reserves may not be used for any other purpose than to repair or replace capital assets used in the operation of the related auxiliary enterprise or other self-liquidating activity. Consideration should be given to statutory requirements (see section (6) below), applicable federal cost requirements, and the source of funding before authorizing the use of building/IOTB repair and equipment replacement reserves for any other purpose. Authorization for such other use may only be granted by the institution's vice president for finance and administration or designee and must be documented and retained for audit purposes.
- (5) Pursuant to ORS 351.615, only building repair and equipment replacement reserves of auxiliary enterprises may be credited to the Higher Education Auxiliary Enterprise Building Repair and Equipment Replacement Fund (Fund). Reserves for the repair or replacement of other depreciable assets (IOTBs) of auxiliary enterprises may not be credited to the Fund. Monies deposited in the Fund may not be used for any other purpose than for the repair and alteration of auxiliary enterprise buildings and the replacement of auxiliary enterprise equipment. No repair/replacement reserves of service departments or any other self-liquidating activities may be credited to the Fund.

- (6) Except as otherwise provided, exceptions to the requirements of sections (1) through (5) may be granted by the Vice Chancellor for Finance and Administration or designee.

Fiscal Management of Auxiliary Enterprises and Other Self-Liquidating Activities

6.500 Policy for Education-Related Business Activities

The primary mission of the institutions within the Oregon University System is the creation and dissemination of knowledge. To carry out this mission, institutions do engage in education-related business activities, i.e., activities which enhance, promote, or support instruction, research, public service, or other education-related activities where goods or services being sold or rented are directly and substantially related to an educational or research program.

The Board affirms that all institution education-related business activities shall meet the following conditions:

- A. The activity is deemed to be an integral part of, and directly and substantially related to, the fulfillment of an institution's instructional, research, public service, or other education-related mission.
- B. The activity is operated for the primary benefit of the students, staff, and faculty associated with and served by the institution or its affiliated units. The activity is needed to provide goods or services at a reasonable price, on reasonable terms, and at a convenient time and location. Sales or rental of services and products to on-campus visitors and campus conference participants are considered incidental to the purpose of these activities.

Some typical products, services, and facilities provided at or in close proximity to an institution to meet the needs of its constituents are instruction-related materials; housing and food services; student health services; and athletic, cultural, and recreational activities; including the facilities where such products and services are provided.

In furtherance of education-related business activities, institutions shall provide for the following:

- 1. When determining whether any particular education-related business activity should be provided by an institution, institutional presidents or their designees shall consider whether the activity is currently and adequately provided by private businesses. If the services of private businesses are considered adequate but the

activity is nevertheless deemed important to be provided by the institution, the institution president or designee shall state in writing its justifications for providing the activity. A copy of the statement shall be submitted for review to the Vice Chancellor for Finance and Administration or designee.

2. To insure recovery of direct costs of engaging in the education-related business activities, institutions shall charge students, faculty, staff, campus conference participants, and the public to participate in institutional events, for the purchase of the goods or services, and for the rental of any facilities. An institution president may waive charges for selected education-related business activities.
3. An institution may make its services and facilities available to nonprofit or community organizations without recovering all direct costs, provided there is sufficient inventory or capacity. An institution may also make its services and facilities available to for-profit community businesses and organizations provided there is sufficient capacity and availability. Charges to profit-making organizations shall cover the direct and indirect costs of the use of the facilities and services provided. Services, products, and facilities may similarly be provided to federal, state, and political subdivisions, subject to negotiated charges, terms, and conditions.
4. An institution may promote and market in off-campus public media only those services and events which are of interest to the general public, such as cultural presentations, intercollegiate athletics contests, and educational programs.
5. Following approval by the institution president to provide goods, services, and facilities referenced above, the institution shall adopt a fee schedule or, in cases where prices fluctuate, a pricing markup policy for those services, products, and facilities.

6.510 Responsibilities and Authorities

- (1) The Vice Chancellor for Finance and Administration, or designee, is responsible for establishing and maintaining Systemwide fiscal policies and monitoring and reporting processes; and reporting to the Board as needed regarding compliance with fiscal policies and fiscal results.
- (2) Each institution president, or designee, is responsible for establishing and maintaining institution-specific fiscal policies and monitoring and reporting processes; reporting to institutional

management and the Chancellor's Office as required regarding compliance with fiscal policies and fiscal results; and strategic planning and operational management.

6.520 Budgeting for Auxiliary Enterprises and Other Self-Liquidating Activities

- (1) Each institution shall prepare and submit budgets for auxiliary enterprise and other self-liquidating activities (housing, student centers, intercollegiate athletics, health services, parking, bookstores, other rentals, other auxiliaries, service departments, designated operations) as a part of the annual operating budget development process.
- (2) The budgets shall be prepared based on the flow of economic resources measurement focus as required for financial reporting by the Governmental Accounting Standards Board.
- (3) The budgets shall conservatively anticipate income from user fees and other sources to provide for all operating expenses (including depreciation) and for the establishment and maintenance of bond sinking funds, including the repayment of any outstanding obligations, the establishment and maintenance of building/IOTB repair and equipment replacement reserves, and the elimination of prior year cash overdrafts and/or negative net asset balances, subject to policies governing service departments approved by the institution's federal cognizant agency. If income has been or appears likely to be insufficient for these purposes, the proposed budget shall identify the sources from which needed resources are required to eliminate such deficiencies
- (4) If any auxiliary enterprise or other self-liquidating activity ends a fiscal year with a cash overdraft, a negative working capital position, or a negative net asset balance, the institution will submit a revised budget plan for eliminating the cash overdraft(s), the negative working capital position, and/or the negative net asset balance(s) to the Vice Chancellor for Finance and Administration or designee for approval. If the Vice Chancellor for Finance and Administration or designee determines that the cash overdraft(s), negative working capital position, and/or negative net asset balance(s) are material, the revised budget plan will be submitted to the Board for approval after consultation with institution management.
- (5) Exceptions to the requirements of sections (1) through (4) may be granted by the Vice Chancellor for Finance and Administration or designee.



(The previous Section 8, Educational Systems, was repealed October 22, 1982.)

SECTION 8—POLICY FOR INTERCOLLEGIATE ATHLETICS

8.001 Role of Athletics in a College or University

Intercollegiate athletic programs are considered by the Board to assist the colleges and universities in achieving their goals. They:

- (1) Contribute to the instructional programs by providing highly competitive opportunities for those students who excel in the various athletic activities.
- (2) Enable the institutions to prepare graduates to serve the schools and colleges as athletic coaches, physical education teachers, athletic trainers, and athletic program administrators.
- (3) Provide students, alumni, and other members of the public with spectator satisfaction and with an opportunity to identify with their institutions outside the classroom and laboratories.
- (4) Enable the institutions to involve the public, not otherwise related to the institutions, in support of our colleges and universities.
- (5) Provide opportunities for a few students, especially in football, basketball, and baseball, to prepare for careers in professional sports.

8.006 Categories of Intercollegiate Athletic Activities

For the purposes of establishing financial policy and determining equality of opportunity, two categories of intercollegiate athletic activities are established. They are:

- (1) Major revenue-producing athletic activities.
- (2) All other athletic activities.

Major revenue-producing athletic activities are defined as those which, in the judgment of the president of the institution and concurred in by the Board, are anticipated collectively to be capable of producing revenue equaling or exceeding operating and capital expenditures.

Equality of Opportunity

Equality of opportunity shall be established and judged within each of the two categories of intercollegiate athletics, "major revenue-producing" and "other."

If the institution identifies any athletic activity as major revenue-producing, it must also identify at least one such activity for men and one for women even though one of the activities may not satisfy the definition of major revenue-producing.

Provision must be made for an activity to move from one category to the other.

8.016 Financing(1) Major Revenue-Producing Athletic Activities

Major revenue-producing athletic activities are those that, by definition, are estimated to be self-supporting from gate receipts, television and radio income, conference income, contributions, and other revenues generated through the operation of those activities. Any incidental fees used to support major revenue-producing athletic activities will be deemed to be for the purpose of financing student admissions. No state tax funds, appropriated for education and general purposes, are to be used either for operating or capital expenditures, except as provided in (3) below. "Operating expenses" include both salaries and applicable physical plant costs.

(2) Other Athletic Activities

Other athletic activities are to be financed from student incidental fees, gate receipts, and contributions. State funds appropriated for Education and General purposes may be used only to fund the salaries of coaches at the regional universities and Oregon Institute of Technology.

(3) Proportionate Financing of Joint Use Facilities

State funds are used and may continue to be used for physical plant and other operating costs applicable to spaces within athletic facilities that are utilized for Educational and General purposes, such as lectures, convocations, physical education activity classes, concerts, and commencement exercises.

(4) Resources for Capital Construction and Improvements

Expenditures for capital construction and capital improvements for athletics are to be financed from resources available for auxiliary enterprises such as gifts, bond borrowings under the provisions of Article XI-F(1) of the Oregon Constitution, and excess sinking fund reserves from commingled student building fees.

8.021 Levels of Competition

Institutions should seek the highest feasible level of competition for each activity, recognizing that financial and/or ethical considerations may force reductions in the competitive levels.

8.026 Cost Containment

The presidents of Oregon State University and the University of Oregon are instructed to work with each other and to pursue within the Northwest region, the Pac-10, and the NCAA appropriate cost containment measures such as grants based only on need, fewer grants, reduced recruiting efforts, smaller coaching staffs, and other appropriate measures.

If such efforts, over a five-year period, are unsuccessful, the Board will reassess its position and instruct the University of Oregon and Oregon State University whether or not to implement those cost containment policies even in the absence of Pac-10, NCAA, and regional action.

Portland State University, Oregon Institute of Technology, and the three regional universities are instructed to adopt similar cost containment measures, as appropriate.

8.031 Academic Progress and Degree Attainment

The presidents of institutions having intercollegiate athletics programs are instructed to establish policies and procedures that commit student athletes, counselors, coaches, and athletic program administrators to pursuing the dual student athlete goals of maintaining normal progress toward completion of the baccalaureate degree and attainment thereof, usually in not more than five years after the date of initial registration. Such policies shall require:

- (1) Minimum academic term carrying loads of 12 hours during seasons of competition, in prescribed courses leading to a baccalaureate degree selected by the student athlete; and compliance with normal progress rules established by the institution; and

- (2) Development and use of continuing academic progress monitoring systems which, when necessary, activate appropriate corrective measures by the student athlete, counselor, coaches, and athletic program administrator.
- (3) Each institution president to submit annually to the Board a report on the success of student athletes in pursuing the goals of academic progress and degree attainment.

8.036 Code of Ethics

Each institution offering a program of intercollegiate athletics shall comply with the following code of ethics. Violation of the code of ethics shall be considered an adequate basis for sanctions for cause.

(1) Purpose

The purpose of this code of ethics is to prescribe standards of conduct for student athletes participating in the intercollegiate athletic programs of the institution, coaches, intercollegiate athletic administrators, and other personnel associated with intercollegiate athletics. It is also the purpose of this code of ethics to identify the responsibilities of coaches, intercollegiate athletic administrators, and other personnel in the institution's department of intercollegiate athletics.

(2) Designation of Institution Officers

The institution president shall assign in writing to the director of athletics the responsibility for implementing the provisions of this policy, except that the Faculty Athletic Representative shall retain the sole prerogative for determining the athletic eligibility of student athletes participating in the intercollegiate athletic program of the institution.

(3) Directives

- (a) The intercollegiate athletic program of the institution shall reflect high standards of scholarship, sportsmanship, fair play, integrity, and concern for the individual.
- (b) The intercollegiate athletic program of the institution shall be conducted in accordance with the constitution and bylaws of the alliances and/or conferences of which the institution is a member, and the rules, policies, and directives of the Board of Higher Education and institution.

- (c) Student athletes participating in the intercollegiate athletic program of the institution shall be required to:
 - (i.) Maintain such academic standards as established by the institution for all students;
 - (ii.) Comply with the eligibility requirements of the institution as a prerequisite for participation in its intercollegiate athletic programs;
 - (iii.) Demonstrate high standards of sportsmanship and fair play, while participating in an intercollegiate athletic program of the institution;
 - (iv.) Refrain from participation in an intercollegiate athletic program of the institution when existing injuries and/or physical impairments would jeopardize the student athlete's health and welfare; and
 - (v.) Deport themselves in a manner which brings credit to themselves, their teammates, and the institution.
- (d) A head coach of an intercollegiate athletic program is required to maintain such discipline as necessary to assure that student athletes and coaches in that sport maintain high standards of sportsmanship, fair play, and integrity; encourage high standards of scholarship for student athletes; establish and maintain high standards regarding the welfare of student athletes; and adhere to the principles of nondiscrimination.
- (e) Coaches in the intercollegiate athletic program of the institution are required to maintain high standards of sportsmanship, fair play, and professional integrity; encourage high standards of scholarship for student athletes; and adhere to principles of nondiscrimination.
- (f) Each individual performing administrative, promotional, public relations, or related functions in the intercollegiate athletic program of the institution is required to demonstrate high standards of professional conduct; encourage high standards of sportsmanship, fair play, professional integrity and scholarship; establish high standards regarding the welfare of student athletes; and adhere to the principles of nondiscrimination.

- (g) The following is proscribed conduct for each head coach, assistant coach, and individual performing administrative, promotional, public relations, or related functions in the intercollegiate athletic program of the institution:
- (i.) Using the position with the institution to obtain financial gain, other than official institution salary or reimbursement of expenses and honoraria from either institution or non-institution sources, unless prior approval is obtained from the institution president;
 - (ii.) Using the position with the institution to obtain financial gain for any member of the household or for any business with which the employee or any member of the employee's household is associated;
 - (iii.) Engaging in any outside activity which substantially interferes with the employee's responsibilities in the intercollegiate athletic program of the institution;
 - (iv.) Accepting any employment outside the institution involving time or honorarium without the prior approval of the institution president;
 - (v.) Accepting gifts, as defined in ORS 244.020(5), from any source, including but not limited to, professional sports organizations, private businesses, or athletic "boosters";
 - (vi.) Receiving, or influencing directly or indirectly, awards of prizes of value from any institution-operated or affiliated promotional activity associated with the intercollegiate athletic program of the institution;
 - (vii.) Using institution buildings, facilities, services, or grounds for personal or private gain, without the prior written authorization of the institution president;
 - (viii.) Using, or permitting the use of the name of the institution or any emblem of the institution in commercial or personal promotional activities, except by the prior written authorization of the institution president;

- (ix.) Violating the constitution and bylaws of an alliance or conference in which the institution holds membership, particularly those provisions pertaining to recruiting of student athletes, financial aid for student athletes, eligibility of student athletes, and extra benefits for student athletes;
 - (x.) Engaging in, encouraging, or permitting the physical or mental abuse or harassment of student athletes;
 - (xi.) Permitting student athletes who have not been certified for competition by a medical physician prior to a sports season to participate in the intercollegiate athletic program of the institution;
 - (xii.) Permitting, requiring, or encouraging a student athlete who is injured, or otherwise physically or mentally impaired, to participate in the intercollegiate athletic program of the institution without authorization from a physician or authorized athletic trainer;
 - (xiii.) Permitting, encouraging, or engaging in abuse or harassment of game officials, game opponents, or spectators while participating in an intercollegiate athletic program of the institution;
 - (xiv.) Encouraging, aiding, or abetting, including acts of omission, any individual, including non-institution persons, to engage in conduct proscribed by the alliance or conference in which the institution holds membership and the Administrative Rules, policies, and Internal Management Directives of the Oregon State Board of Higher Education and the institution.
- (h) Any coach, head coach, or individual performing administrative, promotional, public relations, or related functions in the intercollegiate athletic program of the institution should strive to be perceived as an ethical leader, and, therefore, should avoid the appearance as well as the fact of impropriety.
- (i) Waivers

The institution president retains the sole prerogative and authority for authorizing exceptions in writing to the provisions contained herein.

(j) Compliance and Sanctions for Violations

Individuals violating the provisions of this code of ethics may be subject to sanctions for cause.

For student athletes participating in the intercollegiate athletic program of the institution who violate the provisions contained herein, the sanctions for cause may include loss of eligibility for a period of time prescribed by the institution Faculty Athletic Representative. The institution may impose sanctions in addition to loss of eligibility pursuant to the provisions of the student conduct code of the institution.

For coaches or for intercollegiate athletic administrators, sanctions for cause include but are not limited to oral or written reprimand, suspension with pay, suspension without pay, or termination, as determined by the institution president.

(k) Contract and Policy Distribution

This policy for intercollegiate athletics, including the Code of Ethics, shall be attached to the Notice of Appointment for coaches, athletic administrators, and other personnel associated with the intercollegiate athletics program as well as distributed to and discussed with all student athletes.