STATE BOARD OF HIGHER EDUCATION
MINUTES OF MEETING HELD IN
ROOM 3, STATE LIBRARY BUILDING, SALEM, OREGON

December 15, 1964

MEETING #333
In compliance with the December 14, 1964, written request of a
majority of the members of the Board for a special meeting, and at
the call of the President of the Board, the Oregon State Board of
Higher Education convened in special session in Room 3, State Library
Building, Salem, Oregon, on December 15, 1964.

ROLL CALL
The meeting was called to order at 10:00 A.M. by the President Chas.
R. Holloway, Jr., and on roll call the following answered present:

Mrs. Elizabeth H. Johnson
Mr. Philip A. Joss
R. E. Purvine, M.D.
Mr. John W. Snider
Mr. Ray T. Yasui
Mr. Chas. R. Holloway, Jr.

Absent: Mr. J. W. Forrester, Jr., Mr. George H. Layman, and
Mr. John Merrifield were absent for business reasons.

Others Present: Chancellor R. E. Lieuallen; Secretary R. L. Collins;
Mr. H. A. Bork, Vice Chancellor for Business Affairs; Dr. Miles C.
Romney, Vice Chancellor for Academic Affairs; Mr. D. R. Larson,
Assistant Chancellor; Mr. J. I. Hunderup, Director of Facilities
Planning; President A. S. Flemming of the University of Oregon;
Mr. M. Popovich, Dean of Administration, Oregon State University;
Dean D. W. E. Baird of the University of Oregon Medical School;
Dean H. J. Noyes of the University of Oregon Dental School;
President B. P. Millar of Portland State College; Mr. W. T. Lemman,
Jr., Director of Business Affairs, Portland State College; President
L. W. Rice of Oregon College of Education; Mr. E. A. Stebbins,
Dean of Administration, Oregon College of Education; President A. M.
Rempel of Eastern Oregon College; Mr. William Barrows, Business
Manager, Division of Continuing Education; and Mr. Denis Curry,
Supervising Analyst, Department of Finance and Administration.

President Holloway opened the meeting by stating that it had been
called for the purpose of discussing the impact of the Governor's
recommendations on the State Board of Higher Education budget for
1965-1967 as presented to the Department of Finance and Administration.
He indicated that following the regular Board meeting on December 7
and 8, 1964, the Committee on Finance and Business Affairs had
considered the Governor's recommendation in a study session and
subsequently had formulated recommendations to clarify the type of
support which the Board would give its budget as originally presented.
At that time the Committee directed the Board's Office to put appro-
priate recommendations into final form. President Holloway then
asked the Chancellor to present for official Board consideration the
following report which states the Board's position on the 1965-1967
biennial budget for the State System of Higher Education as recom-
mended in the Governor's budget document.
"There has been distributed to Board members from the Chancellor's Office a report dated December 4, 1964, which compares the 1965-1967 budget for higher education as recommended by the Governor, with the budget as requested by the Board of Higher Education.

"In accordance with a request from the Finance Committee of the Board, there is presented in the following paragraphs a brief statement and recommendations regarding the 1965-1967 budget for the Department of Higher Education as recommended by the Governor. If Board members agree with the observations and recommendations as presented, it is recommended that the following statement be approved as the official position of the Board regarding the budget, to be followed by Board members and Board officers in budget hearings to be held before committees of the 1965 Legislature:

1. The Board reaffirms and endorses its original budget requests for biennium 1965-1967, as modified by subsequent Board action. The Board will identify those points where it believes it is less adequate. In brief summary, the Board's position regarding the budget recommended by the Governor is indicated in the following paragraphs.

2. The Board continues to support its original recommendation for academic staff salary adjustments—that there be provided a sufficient fund to return the institutions in the Oregon State System of Higher Education to the 1957-58 competitive salary level in relation to the average of the academic salaries in 19 other state universities. In order to achieve the needed improvement in academic salaries, the Board's request called for salary adjustments of 10.6 percent in each year of the coming biennium. The recommendation in the Governor's budget would provide salary adjustments of 6.18 percent in the first year and 4.275 percent in the second year. The percentages indicated include the scheduled increments required to maintain the present salary scales (about 3.5 percent in year 1965-66 and .23 percent in year 1966-67). The remainder, available for improvement of the salary scale, would be 2.68 percent in year 1965-66, and 4.05 percent in year 1966-67. With only this amount of salary improvement during the next biennium, and if other states continue their programs of salary increases, Oregon would almost certainly fall farther behind the other states during 1965-1967, as it has during the past few years.

3. The Governor's recommended budget is believed by the Board to be most nearly adequate in the Board's requests which are related to the academic departments in such areas as numbers of teaching staff and provision of teaching supplies and equipment.
The Governor's recommended budget is thought by the Board to be less adequate in the area of requests for the operation of administration and service divisions, especially in staff positions required in administration and service departments and in classified positions and supplies and equipment in administrative and service departments needed to provide for the added expenses incident to the expected increases in student enrollments; and also in the Board's requests for partial removal of present budget deficiencies and in requests for badly needed improvements in present services and for new services needed because of recent developments.

The reductions in the Board's request for added service staff positions and classified positions would further increase the shortage in positions which are required to aid and support the work of the academic staff. The Board members are of the opinion that it is uneconomical to require academic staff members to perform routine administrative or clerical tasks which can be handled more efficiently and with less cost by administrative assistants or by a trained technical and clerical staff.

4. The Board urgently recommends that all amounts of indirect cost reimbursements received by the institutions in connection with research projects or other projects covered under grants and contracts be applied, as intended in the special grants, to cover indirect costs of the contract projects such as administrative cost, business office service cost, physical plant operating costs and other general services required in the operation of the many contract research projects. The Governor's recommended budget provides that during biennium 1965-1967 a portion of the indirect cost reimbursements from special grants and contracts be applied to reduce the amount of the required state appropriation for general operating purposes. It is believed that if funds from gifts and grants were used in this way it would have the effect of discouraging or reducing further gifts and grants to the institutions, and would also result in reductions of amounts provided to care for indirect costs.

5. As originally requested, the Board recommends that the operating budgets for the agricultural research experiment stations and the Federal Cooperative Extension Service operated by Oregon State University be restored to provide at least the level of services which was originally intended to be financed by the 1963 Legislature. In view of the wide diversification of Oregon's agricultural and processing industries, there is a greater need than in many states for a substantial level of support for the services in agricultural research and extension, which have contributed so greatly in the past to the success of these important industries. Oregon's agriculture-based industries, tourism and the timber based industries, are acknowledged to be the three principal economic activities of the state. The Governor's recommended budget would continue the reductions in service which have been required during the current biennium in the agricultural experiment stations and the agricultural extension service.
6. The Board recommends that sufficient funds be provided for the hospitals and clinics administered by the University of Oregon Medical School to assure that all of the facilities needed for the care and treatment of patients can be operated throughout the biennium 1965-1967. The Medical School reports that the Board's budget requests have been reduced in the Governor's budget to a point where the amounts provided on a cost per patient day basis would not be sufficient to cover operating costs for the hospitals and clinics during the next two years. The Medical School reports a continuing increase from year to year in operating costs per patient day in all hospitals over the country, which will need to be recognized in the budget finally approved for biennium 1965-1967.

7. The Board also emphasizes its original request for the Medical School Outpatient Clinic Building Addition and Alterations which would provide an addition to the gross area of the building of about 63,500 square feet to relieve the present seriously overcrowded conditions in the clinic. The project, as recommended in the Governor's budget, calls for about 22,000 square feet less area than recommended by the Board of Higher Education.

8. The Board of Higher Education also reiterates its original request for funds to provide for an internal auditing staff, as recently recommended by the State Audit Bureau of the Office of the Secretary of State. Provision for this service was not included in the Governor's recommended budget.

"More detailed information regarding the Board's position on the biennial budget will be made available to the appropriate legislative committees."

At the request of President Holloway, the Chancellor then presented the following report on the Board's biennial budget request for the graduate study and research activities in Portland, reaffirming and explaining the Board's request:

Graduate Education in Portland

Because of widespread interest in the state in what the State Board of Higher Education intends vis-a-vis the graduate study needs of the Portland area, the Board desires in this brief statement to reiterate its views on this and related matters.

1. The State Board reaffirms that there is a deficit in graduate study opportunities in the Portland area and that its elimination is a high priority need. It is the Board's intention to eliminate this deficit by a series of planned, orderly, sequential steps.
2. No single State System institution in being or which can at this
time be created can meet the total graduate research and study
needs of the Portland area. The optimum development of the State
System graduate research and study resources to serve the
Portland area needs will require an integrated State System
program drawing upon whatever of the System's resources can be
brought to bear upon the needs of the Portland area. These
resources include those of: (a) Portland-based units of the
State System (PSC, Medical School and its affiliate the Primate
Center, Dental School and the Portland Continuation Center),
(b) the several other campuses of the State System of Higher
Education, and (c) any other agency which may be created by the
State System to serve the needs of the Portland area.

3. The State Board of Higher Education proposes as the steps to be
taken during the 1965-1967 biennium to reduce the deficit in
graduate study opportunities in Portland, the following:

a. The establishment in Portland on a firm footing of a program
in engineering under the auspices of Oregon State University.
The budget for this program calls for an outlay of more than
$1.1 million for construction of physical facilities, and of
$368,000 in current operating funds, for the biennium.

The program will include: (1) High level graduate instruc-
tion, primarily by a resident staff, leading to a master's
degree in engineering from Oregon State University, (2) High
level graduate, non-degree oriented instruction for those in
the engineering and physical science areas (including
mathematics) as their needs and interests dictate, (3) re-
search and service to business, industry and government.

b. The establishment in Portland, on a firm footing, of a
program in business administration under the auspices of the
University of Oregon.

This program will serve the needs of those whose primary
interest is business administration, as well as those whose
primary interest is engineering or related field, but for
whom business administration represents an important sup-
porting field.

Some evidence of the interest in this program is the fact
that there are presently 162 master's students who have been
admitted to the program being offered in Portland through
the Division of Continuing Education by the University of
Oregon on a purely temporary basis.

c. The strengthening of the Master of Arts and Master of Science
in Teaching degree programs at Portland State College.

The Board has included as a "B" budget item for 1965-1967
some $152,700 for this purpose.
d. The strengthening at Portland State College, in anticipation of the offering of master's degree programs, of selected fields in the physical sciences (chemistry, physics and applied science), mathematics, business administration and selected fields in the humanities and social sciences (English, history and economics).

Approximately $700,000 is included in the Board's 1965-1967 "B" budget for this purpose.

4. In succeeding biennia the Board will seek the funds necessary to continue the systematic elimination of the graduate study and research deficit in the Portland area.

a. Portland State College will continue to be strengthened to permit it to offer master's degree programs in ever-widening range of field, and in due season, doctoral work in selected fields. The guidelines for Portland State College, adopted by the Board in July 1964, clearly state the Board's intention to develop at Portland State College an increasing number of master's level programs in the sciences, humanities and social sciences, and eventually, doctoral level programs in specially selected fields. The rate of this development will depend in part upon the availability of funds.

Working closely with the Portland State College staff in the development of sound, realistic plans for PSC's moving into master's level work, the Board's Office has recommended and the Board has requested funds for strengthening first the fields of chemistry, physics, applied science, mathematics, business administration, English, history and economics. The Board anticipates that master's level programs in several of these fields will be requested by Portland State College and approved by the Board during the 1965-1967 biennium.

In succeeding biennia, additional requests will be made by the Board for funds to strengthen additional subject fields at Portland State College with the anticipation that PSC will be authorized master's level work in an ever-widening number of fields. The sequence of fields in which PSC is authorized master's level work will depend upon a consideration of the areas in which Portland State College has greatest strength and where the most pressing public needs are felt.

These same criteria will be employed in determining in which fields PSC ought first to offer doctoral programs.
b. As the Board proposes using the resources of Oregon State University and the University of Oregon in offering high quality graduate level offerings in Portland in engineering and business administration in the 1965-1967 biennium, so in its planning for the future, the Board will seek ways of utilizing, to the benefit of the Portland area, specialized resources that are or can be made available from the several units of the State System. These resources include those available at the Portland-based units of the State System (Medical School and its affiliated Primate Center, the Dental School, the Division of Continuing Education), as well as those available from campuses outside Portland.

c. The Board will encourage its institutions to work cooperatively with private educational institutions or agencies now in being, or which may be created, where cooperative action promises to enhance the opportunities for graduate study and research in the Portland area.

The Chancellor indicated that acceptance of the report stating the Board's position on the 1965-1967 biennial budget as recommended by the Governor would have the effect of reaffirming the appropriateness of the Board's original budget as presented to the Governor and would emphasize the items specifically mentioned in the report.

Board members asked about the possibility of federal support for the Outpatient Clinic Building Addition at the University of Oregon Medical School. Mr. Zimmerman indicated that although this building would be eligible for federal support and the Medical School has applied for a grant, it is somewhat unlikely that funds will be received because of the large number of applications and the fact that the funds are limited, and preference is given to institutions with a substantial increase in enrollment. However, if approved, the federal grant would cover 50 percent of the construction cost.

The Medical School officials were asked also whether it would be desirable to seek an amendment which would permit the State Board of Higher Education instead of the Board of Control to collect fees from tuberculosis patients. They responded that the current arrangement has worked very satisfactorily in the past and that they saw no reason to suggest a change.

In the discussion of the report on graduate education in Portland, Board members questioned whether a clear outline of the complexities of the graduate study and research program had been developed so that a concise summary would be available to the press.

Primarily for the information of the newer Board members and press representatives, Dr. Romney reviewed the activities and findings of the various groups designated by the Governor and the Board to consider the financial and curricular aspects of the Graduate Study and Research Center in the Portland metropolitan area. His presentation was based on studies previously reported in Board minutes and in the special report on the Graduate Study and Research Center previously prepared by the Office of Academic Affairs.
On motion by Mr. Snider, the Board voted unanimously to accept the report as presented on the Governor's recommended biennial budget for 1965-1967 for higher education and the report on graduate education in the Portland metropolitan area and specifically to reaffirm its position on the budgetary support and planning of the graduate study and research center in Portland as reflected in the two reports as well as in previous reports.

ADJOURNMENT

The meeting was adjourned at 11:30 A.M.

Chas. R. Holloway, Jr., President

R. L. Collins, Secretary