STATE BOARD OF HIGHER EDUCATION
MINUTES OF MEETING HELD IN
ROOM 338, MICHAEL J. SMITH MEMORIAL CENTER, PORTLAND STATE UNIVERSITY AND
ROOM 7115, CHILD DEVELOPMENT AND REHABILITATION CENTER, UNIVERSITY OF OREGON
MEDICAL SCHOOL, PORTLAND, OREGON

January 27 and February 26, 1974

A regular meeting of the State Board of Higher Education was held in Room 338,
Michael J. Smith Memorial Center, Portland State University, Portland, Oregon.

The meeting was called to order at 9:00 A.M. (P.D.T.), Tuesday, January 22, 1974,
by the President of the Board, Mr. George H. Layman, and on roll call the follow­
ing answered present:

Mr. George H. Corey
Mrs. Elizabeth H. Johnson
Mr. Philip A. Joss
Miss Valerie McIntyre
Mr. Marc F. Madon

Mr. John D. Mosser
Mr. John W. Snider
Mr. Loran L. Stewart
Mr. Edward G. Westerdahl II
Mr. George H. Layman

Absent: Mr. Robert D. Holmes was out of the state.

OTHERS PRESENT

Centralized Activities--Chancellor R. E. Lieuallen; Secretary D. R. Larson,
Mr. Freeman Holmer, Vice Chancellor for Administration; Mr. J. I. Hunderman, Vice
Chancellor for Facilities Planning; Dr. Miles C. Romney, Vice Chancellor for
Academic Affairs; Mr. W. T. Lehman, Jr., Vice Chancellor for Personnel Admini.
stration; Mr. H. A. Bork, Consultant; Mr. John L. Watson, Controller; Mr. K. L.
Jackson, Budget Director; Mr. Howard Branchfield, Assistant Attorney General,
Mr. John Richardson, Assistant to the Chancellor; Mr. Arthur Lancel, Director of
Campus and Building Planning; Mr. Richard Zita, Director of Publications;
Mr. Davis Quenzer, Assistant Budget Director; Mr. Emilio White, Fiscal Analyst.

Oregon State University--President R. W. MacVicar; Dean M. Popovich, Dean of
Administration.

University of Oregon--Dr. Ray Hawk, Vice President for Administration and Finance;
Mr. Harold C. Babcock, Director, Physical Plant.

University of Oregon Medical School--Dean C. N. Holman.

University of Oregon Dental School--Dean L. G. Terkla; Mr. Eugene Bauer, Assistant
Dean for Business Affairs.

Portland State University--President Gregory B. Wolfe; Dr. Joseph Blumel, Vice
President for Academic Affairs; Mrs. Dawn Dressler, Chairman, Advisory Council;
Dr. Jacob Fried, Professor of Anthropology; Dr. Marc R. Feldman, Assistant
Professor of Anthropology; Dr. Robert A. Duschman, Associate Professor of Philosophy;
Mr. Edmond P. Ghoza, Librarian, Humanities.

Oregon College of Education--President L. W. Rice; Dr. Ronald L. Chatham, Assistant
To the President; Mr. John Sparks, Director of Business Affairs.

Southern Oregon College--President James K. Sours; Mr. D. E. Lewis, Dean of
Administration.

Eastern Oregon State College--President R. A. Briggs; Dr. R. S. Perry, Dean of
Administration.

Oregon Institute of Technology--President W. D. Purvine.
Others--The Honorable Thomas McCall, Governor of the State of Oregon; Mrs. Maxine Warmath, Assistant Professor of Psychology at Oregon College of Education, representing the American Association of University Professors Federation; Dr. Robert Peck, Assistant Director, Educational Coordinating Council; Dr. R. O. McVahon, Chairman, Interinstitutions of the Senate; Mrs. Jeanne Keenan, Executive Director, FORE; Mrs. Melissa Morris, Administrative Assistant, FORE; Mr. Wilson H. Hulley, Director, Development and Public Affairs; Mrs. Alice Armstrong, Portland; Representative Robert Marx, Monmouth; Mr. Ken Dier, Marketing Manager, Univac; Mr. George Rives and Mrs. Phyllis Wimer, representing the Broadcast Advisory Council.

Student Representatives--Mr. Craig Henry, President, Associated Students, Portland State University; Mr. Elliott Hastings, delegate, Interinstitutions Union of Students, and Mr. Carl T. Steppam, Student, both of Portland State University.

President Layman said the Board was honored by the presence of Governor Tom McCall at the Board meeting for the purpose of swearing in and announcing the official appointment of the two new Board members, Miss Valerie McIntyre and Mr. Marc F. Maden.

Governor McCall said the admission of students as voting members of the Board of Higher Education had been one of his goals as Governor and that the occasion of the official appointment of Miss McIntyre and Mr. Maden represented a signal day in the history of higher education.

Governor McCall stated that the success of the plan to put students on the Board depended primarily on the selection of students who were truly representative and truly outstanding leaders who would have the respect both of the other Board members and of their peers in the colleges and universities. He said he was very gratified on both of these points through the selection of the two members to be sworn in because they were dedicated, intelligent, responsible citizens.

Governor McCall then administered the oath of office to Miss Valerie McIntyre and Mr. Marc F. Maden.

At the conclusion of the ceremony, Governor McCall presented Miss McIntyre with her commission for the term January 22, 1974, through June 30, 1975, and Mr. Maden with his commission for the term January 22, 1974, through June 30, 1974.

President Layman then welcomed the two new members to the Board.

The Board voted to dispense with the reading of the minutes of the last regular meeting held on November 26 and December 18, 1973, and approved them as previously distributed.

The Chancellor stated that a report of heat and electrical energy conservation for the months of September, October, and November had been prepared. It compared the energy consumption for each of those months in 1973 with that of 1972 and also with the three-year average for 1970, 1971, and 1972 for the same months.

The Chancellor indicated that there were variables which affected the statistics for the institutions but the decrease in heat energy at five institutions varies from 12 to 30 percent for the three-month period. The University of Oregon and Oregon Institute of Technology were excluded from the report because of the vastly different circumstances at those two institutions.

The Chancellor commented that even though the reductions in fuel consumption have been substantial, the heating costs have increased sharply because of the interruptions of the natural gas service and the much higher cost of oil per unit. He commended the institutions for the substantial reductions which have been made in the consumption of electrical and heating energy.

Resolution in Memory of Mrs. Cheryl S. MacNaughton, a former member of the Board of Higher Education, who passed away on January 1, 1974:

President Layman requested Mrs. Johnson to present the following resolution in
RESOLUTION OF THE OREGON STATE BOARD OF HIGHER EDUCATION
ON THE 22ND DAY OF JANUARY, 1974, HONORING
CHERYL S. MACNAUGHTON, FORMER BOARD MEMBER

WHEREAS, Cheryl S. MacNaughton served with distinction and dedication as a member of the State Board of Higher Education from 1946 to 1963, during a period of dynamic expansion in public higher education; and,

WHEREAS, Mrs. MacNaughton worked with equal dedication and insight for the advancement of independent higher education, with which she was professionally and personally associated much of her adult life; and,

WHEREAS, she was a staunch advocate of broad citizen participation in the building of all kinds of post secondary educational opportunity for Oregonians; was one of the founding leaders of Colleges for Oregon's Future, first as vice president and thereafter as board member; and, to that end spoke persuasively and optimistically of education as society's best investment in the future and never lost confidence in students as the best resource; and,

WHEREAS, Oregon is further indebted to her for her many other public service activities that helped enrich education, the arts and other facets of life; now, therefore,

BE IT RESOLVED, that the State Board of Higher Education, meeting in Portland on January 22, 1974, take public recognition of the dedicated service and personal achievement of a distinguished and gracious former Board member, Cheryl S. MacNaughton; and, further,

BE IT RESOLVED, that the Board express sympathy to her family upon their loss, and Oregon's loss, on her death on New Year's Day, 1974.

Upon motion by Mrs. Johnson, the Board adopted the resolution as presented.

Resolution

Commemorating
Miss Jean
Oglesby

President Layman then requested Mr. Snider to present the following resolution commending Miss Jean Oglesby, Assistant Board Secretary, upon the occasion of her retirement on January 1, 1974:

RESOLUTION OF THE OREGON STATE BOARD OF HIGHER EDUCATION
ON THE 22ND DAY OF JANUARY, 1974, HONORING
JEAN OGLESBY, ASSISTANT BOARD SECRETARY

WHEREAS, Jean Oglesby has served the Oregon State Department of Higher Education for more than forty years;

WHEREAS, her unusual qualifications and competence have enabled her to be of service to the people of the State of Oregon in secretarial positions of major responsibilities;

WHEREAS, her records of outstanding achievement in the Classified Service of the State of Oregon are repeatedly evidenced in reports originating with Oregon State University departments of Farm Crops, Athletics and Home Economics, and Offices of the President, the Registrar and Dean of the School of Engineering;

WHEREAS, since 1952 she has served as Assistant Board Secretary;

WHEREAS, in that position she has consistently carried out her responsibilities with superior efficiency and has contributed extensively to the effective management of the Board's Office;

WHEREAS, she has voluntarily and willingly provided assistance to the members of the Board which has enhanced substantially the value of the Board's efforts; now, therefore,
BE IT RESOLVED, that the State Board of Higher Education formally express its gratitude to Miss Oglesby for her dedicated service to the State of Oregon, and acknowledge her outstanding contributions to higher education; and, further,

BE IT RESOLVED, that the Board, upon the occasion of Miss Oglesby's retirement, collectively and individually extend to her her best wishes for many satisfying retirement years in the future.

Upon motion by Mr. Snider, the Board adopted the resolution as presented.

Southern Oregon College requests authorization to offer an upper-division BA/BS program in nursing, admitting only RN nurses, effective with fall term 1974-75. Southern Oregon College now offers an associate degree program. Implementation of the proposed baccalaureate degree program would involve some shifting of resources at Southern Oregon College from production of associate degree nurses, who are being produced in ample supply in Oregon, to the production of baccalaureate degree nurses, whose numbers in the nursing labor force in Oregon are still short of projected need.

The baccalaureate degree program would be designed to meet needs of nonbaccalaureate RN's (associate degree and diploma graduates) who wish to continue their education in a BA/BS degree program (1) to improve their competencies to offer nursing service, (2) to prepare themselves to undertake more responsible nursing positions, and (3) to meet requirements for admission to master's degree programs in nursing preparing nurse educators, clinicians, and nurse specialists.

Admission to the program would be at the junior level. Requirements for admission, as presently proposed, are:

1. A current Oregon RN license.
2. Previous education consisting of 48 hours of nursing
   - 16 hours of science-mathematics
   - 18 hours of social science
   - 9 hours of communications
   Total 88 hours

3. GPA of 2.50.

Candidates seeking admission to the program would be required to submit transcripts of hospital school records of their previous education. The educational background of associate degree graduates would be evaluated on the basis of their college transcript. The educational background of hospital school graduates would be evaluated on the basis of equivalency of course work recorded with Southern Oregon College courses.

Basic graduation requirements for the BA/BS in nursing would be the same as for any other program in the divisions of arts and sciences at Southern Oregon College. The requirements for the major in nursing, met entirely during the junior and senior years, would, as presently planned, consist of a minimum of 66 hours of upper-division course work, distributed as follows: Nursing, 54; human physiology, 4; personnel management, 3; restricted electives, 5; total, 66.

If the concept of an upper-division BA/BS degree program in nursing at Southern Oregon College is approved by the Board, the institution will move immediately to fill a vacant position in its present nursing staff to enable it to release 1.00 FTE of its present staff to do the planning and preparation necessary to inaugurate the baccalaureate program. This would include (a) development of evaluation criteria and techniques for admission to and placement in the program, (b) development of the junior year instructional component, (c) location of and
arrangement for clinical experience, (d) development of required laboratory facilities in nursing and biology and acquisition of needed equipment, and (e) acquisition and development of instructional materials and resources.

Southern Oregon College would reduce its 1974 entering class to the associate degree program from 48 to 32 and admit 30 RN students to the first (junior) year of the baccalaureate degree program. Plan for phasing in the baccalaureate program is shown in the following table:

Staffing of the new program would come from transfer of three present staff members, all of whom have recent master's degrees, from the associate degree program; a part-time assignment of the department chairman; and employment of new staff to fill vacancies in the associate degree staff and to fill out specialty areas required for full implementation of the baccalaureate program.

Funding. Requested funding for the Southern Oregon College baccalaureate program in nursing includes the following nonrecurring and recurring items:

**Nonrecurring (requested from Board's reserve for 1973-74)**

- Library ($3,000 for nursing and $500 for physiology) $3,500
- Laboratory equipment (nursing and physiology) 9,200
- Services and supplies (nursing and physiology) 9,000
- Renovation (nursing laboratory) 1,800
- Secretarial help (part time) 1,453

**Total** 24,053

**Recurring (to be provided in institutional budget)**

- 1974-75 Two new staff positions
- Part-time secretary
- 1975-76 An additional two staff positions

Board's Office Recommendation. The Board's Office recommended that the Academic Affairs Committee approve and refer to the Board preliminary plans for a baccalaureate nursing program at Southern Oregon College, with the recommendation that the Board authorize Southern Oregon College to employ from its existing faculty allocations one faculty FTE to be responsible for the preparation of the detailed admissions, curricular, and other plans necessary to launch and maintain the program effective fall term 1974.

Part-time secretarial help will be a recurring item. Funds to continue this position will be included in the 1974-75 Southern Oregon College budget.
Committee Discussion and Recommendation

The Committee heard presentations from Miss Beverly Andre', executive secretary of the State Board of Nursing, and Miss Janet Teaff, associate executive director, Oregon Nurses Association. Miss Andre' and Miss Teaff commented on the need for a program designed especially for the nonbaccalaureate RN, the interest of Oregon nurses in such a program, the desirability of locating the program outside the Portland metropolitan area, and the interest and commitment of the Southern Oregon College staff to development of this kind of educational opportunity. Miss Andre' asserted that the two-plus-two programs as they are developing in California (the state from which she came to the Oregon State Board of Nursing) appear to have validity, and that similar concepts embodied in the proposed Southern Oregon College program would give Oregon a second type of baccalaureate nursing program. Miss Teaff stated that the Oregon Nurses Association endorses the concepts embodied in the Southern Oregon College proposal and expressed, in behalf of the association, appreciation for the efforts of Southern Oregon College to serve the needs felt by the Oregon Nurses Association.

Following a brief discussion of problems in nursing education and requisites for development of an effective program, the Committee concluded that since only two members of the Committee were present, the Southern Oregon College request would be forwarded to the Board for further consideration without recommendation.

Board Discussion and Action

Mrs. Johnson said she had mailed to Board members a discussion of some of her concerns with respect to the proposed program at Southern Oregon College. She said that in February of 1973 there had been a report on nursing education in Oregon with the recommendation that the Board's Office enter into a discussion with Southern Oregon College and Oregon Institute of Technology about the addition of a baccalaureate program. The program at that time was intended to provide upper-division nursing education designed primarily to serve graduates of the associate degree programs with little or no intervening employment. It was anticipated that Southern Oregon College would retain the associate degree for a smaller number of students. Mrs. Johnson said these proposals were in programs submitted for approval in a recommendation that the Board establish a task force, a special committee with legislative funding, to consider the needs of Oregon nurses for continuing education.

Mrs. Johnson said on December 19, 1973, the Board's Office recommended the Committee approve and refer to the Board the plan for the baccalaureate nursing program at Southern Oregon College and authorize starting the program in the fall term of 1974. The program was not complete because it required authorization of a person to do the planning. The students to be served also had been changed to include graduates of diploma programs.

The present recommendation is for approval of preliminary plans for a baccalaureate nursing program at Southern Oregon College and authorization for the institution to employ from its existing faculty allocations one full-time-equivalent faculty for the preparation of the details, admissions, curricula, and other plans necessary to launch and maintain the program effective Fall Term 1974.

Mrs. Johnson said she had the following concerns with respect to the recommendation:

1. The problems involved in combining students from two- and three-year programs, with or without experience, into one academic program which requires that they meet all college academic requirements.

2. The question of whether the program as now planned was designed to meet an institutional need, the requirements of the state for more baccalaureate nursing graduates, the continuing education needs of practicing nurses, or the need of registered nurses for a degree.

3. A determination of the kind of baccalaureate degree nurse which is needed in Oregon.
4. This is a new program with tremendous potential and should be the best and most responsive program that can be developed on the basis of the report from the Board's committee.

5. It should be a unique program that fulfills the requirements of consumers, employers, nurses, students, and institutions. In fulfilling these requirements, consideration should be given to present and potential developments which are emerging in the field of nursing education.

Mrs. Johnson then made the following motion:

1. That the Board support in principle that RN's without degrees should have access to programs which will enable them to earn credits toward a degree either in a 2+2 or an extended degree program, or by making credit courses available to them. The University of Oregon Nursing School has one approach; Southern Oregon College has a potential to build a 2+2 program, starting by building on their two-year Associate Degree program.

2. That Southern Oregon College be authorized to employ from its existing faculty allocation one faculty FTE to be responsible for the matters of developing objectives of this kind of program, of targeting students to be served, of integrating the Southern Oregon College plan with recommendations of the State Board of Higher Education Nursing Education Committee, working with Southern Oregon College Consortium, which has been started in the meantime, the State Board of Nursing, and the University of Oregon Nursing School in planning the program.

3. That Southern Oregon College bring back to the Board for review and approval its program, when designed.

4. That the effective date of the program be the fall of 1975; that Southern Oregon College meanwhile admit a maximum number of students to its Associate Degree program, working toward improving opportunities for clinical experience and working with those who are interested in earning a degree.

5. That the nursing faculty work with other departments to develop new courses, counsel present students into credit courses that would be relevant toward a degree and make available courses to individual employed RN's.

6. That new faculty employed in the Associate Degree program be sought who could teach upper-division courses on or off campus, and that means be developed to evaluate past experience and work experience of RN's and ADN's from other programs to place them in courses which will allow them to complete the program in the shortest time and in the most effective way.

In response to a question as to the differences between the recommendation and the motion, Mrs. Johnson said her motion specified the students to be served and the evaluation procedure; it changed the effective date from the fall of 1974 to the fall of 1975; it stated that one of the two faculty positions for the associate degree program would be allocated to the planning for the new program; and it required the plan be brought back to the Board for approval when completed.

President Sours indicated he would support the recommendations presented in the motion made by Mrs. Johnson.

Mr. Mosser said he had been concerned that the requirements for admission to the program would tend to deter students from entering the program.

It was indicated that Mrs. Johnson's motion offered flexibility with respect to admissions requirements in its provision to direct further study toward validating entrance requirements.

The Chancellor commented that the program had been considered and approved by the Educational Coordinating Council.
The Board discussed some of the differences in the background and training of students entering the various nursing programs and the degrees obtained upon graduation from the different programs. It was noted that there is a certain commonality of training in that all nurses must pass the licensure examination in the same five areas of nursing.

The Board approved the motion by Mrs. Johnson as presented. Mr. Westerdahl abstained from voting because he was absent from the room at the time the motion was read. Mr. Stewart voted no.

Nursing Degree Program Support Costs, SOC

(Considered by Finance Committee, December 18, 1973; present--Mosser, Layman, Westerdahl, Stewart, Corey, Holmes, Johnson, Joss.)

Staff Report to the Committee

During March 1973, the Board authorized planning and development of a baccalaureate degree program in nursing at Southern Oregon College during the 1973-1975 biennium. Southern Oregon College is now prepared to initiate the instruction program in Fall Term 1974, provided that resource allocations sufficient for teaching staff and start-up costs can be identified.

During 1973-74 an academic position has been provided to plan and develop the program. It also appears appropriate to provide additional funds during 1973-74 for clerical support and for purchase of books, teaching supplies and equipment in preparation for the fall 1974 opening of classes.

Southern Oregon College has identified nonrecurring start-up costs of $23,500 distributed as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Library Book Acquisitions</td>
<td>$3,500</td>
</tr>
<tr>
<td>Teaching Equipment</td>
<td>$9,200</td>
</tr>
<tr>
<td>Services and Supplies (laboratory supplies, clinical supplies, etc.)</td>
<td>$9,000</td>
</tr>
<tr>
<td>Renovation of Nursing Laboratory</td>
<td>$1,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$23,500</strong></td>
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</tbody>
</table>

Although it would be possible to defer a portion of these costs to 1974-75, it is proposed that the full amount be allocated during 1973-74 to assure that adequate lead time is provided to obtain bids and prepare for fall term.

Recurring costs identified by Southern Oregon College are for clerical support and associated payroll assessments. Provision for a .50 FTE secretarial position would require $2,905 per year on a recurring basis. For the remainder of 1973-74 the cost would be $1,453. Teaching staff for the program has been recommended in a separate agenda item concerning the budget plan for 1974-75. Amounts included in the budget plan for 1974-75 consist of two teaching staff positions for the baccalaureate degree program, provided from the emergency reserve authorized by the 1973 Legislature. Funding for the classified position has not been anticipated in the budget plan submitted for Finance Committee review and would need to be reflected as a further adjustment to Southern Oregon College from the Board's Reserves.

Staff Recommendation

Subject to confirmation by the Committee on Academic Affairs that development of the degree program be continued, it was recommended that $24,953 be allocated to Southern Oregon College from the 1973-74 Board's Unallocated Reserve to cover nonrecurring costs of $23,500 and secretarial assistance for $1,453, and that funds for a .50 FTE secretarial position be included in the budget allocation plan for 1974-75.
Committee Discussion and Recommendation

The Finance Committee considered the advisability of approving the use of the Board's reserve for the nursing program until further information is available on the other requirements to be met from these reserves.

It was indicated that the recommendation with respect to the nursing program is in response to a budget note by Ways and Means which directed the Department of Higher Education to provide adequate funding for the nursing program at Southern Oregon College from the Department's existing resources.

Mr. Mosser pointed out that the situation has changed since the Ways and Means Committee action and that inflation and enrollments are different. The request must be considered in terms of its impact on other programs.

The Finance Committee deferred action on the allocation from the Board's reserve for the nursing program at Southern Oregon College pending consideration of other items to be funded from this source.

Board Discussion and Action

The Board approved the recommendation as presented.

(Considered by Building Committee, December 18, 1973; present--Joss, Stewart, Johnson.)

Staff Report to the Committee

On November 26, 1973, a recommendation was presented to the Board to transfer back to the federal government, by quitclaim deed, title to approximately 33.86 acres of land and improvements at Port Orford which had been acquired in 1971 for research and instructional use by Oregon State University. The Board deferred action on this proposal and requested that the matter be reviewed in depth by the Committee on Buildings and Other Physical Facilities. To assist the Committee and other members of the Board, background information was provided in the agenda for the Building Committee on December 18, 1973.

When officials of Oregon State University arrived at a decision that it was not efficient to continue operation of the Port Orford facility, contact was made with Mr. David Talbot, state parks superintendent, to determine whether he might be interested in acquiring the property. Mr. Talbot expressed interest in the site but commented that the transfer of the title probably could be accomplished most readily if it were returned to the federal government and the State Parks and Recreation Division then negotiated directly for it. (Although title is in the name of the State of Oregon, it is specifically noted that the grantee is the State Board of Higher Education for the benefit of Oregon State University, and the property was conveyed at a 100% discount because of its intended use for educational purposes. Not only are different state agencies involved, but also different federal agencies and programs.)

Staff Recommendation

The recommendation presented to the Board on November 26, 1973, was reaffirmed. In order to transfer back to the federal government the land and improvements at Port Orford which are no longer being utilized fully by Oregon State University, it was recommended that the following resolution be adopted by the Board on roll call vote:

RESOLUTION

WHEREAS, the State of Oregon, acting by and through the State Board of Higher Education, received certain real property situated in Curry County, Oregon, by Quitclaim Deed dated June 8, 1971, and by an Amended Quitclaim Deed dated March 17, 1972, subject to reversion if the property was not utilized continuously for educational and/or public health purposes; and
WHEREAS, the State of Oregon acting by and through the State Board of Higher Education finds that said real property is no longer being fully utilized for the purposes approved and thus gives rise to a breach of conditions contained within said Quitclaim Deeds;

NOW, THEREFORE, be it resolved by the State Board of Higher Education in regular meeting assembled:

1. That the State Board of Higher Education does hereby find and declare that the parcel of approximately 28.86 acres of improved land at the former Port Orford Coast Guard Station and Gap Filler Site, located in the County of Curry, State of Oregon, as fully described in the quitclaim deed dated June 8, 1971, and the Amended Quitclaim Deed dated March 17, 1972, is no longer being used as intended by Oregon State University and that it does not appear that the Board will be able to use it fully within the reasonable foreseeable future.

2. That the land is subject to the reversion provisions of the Quitclaim Deeds conveying the land from the United States of America to the State of Oregon.

3. That the President and Secretary of the State Board of Higher Education, George H. Layman and D. R. Larson, respectively, be instructed to do all things necessary including executing a return deed reverting title to the property to the United States of America.

4. That Oregon State University continue to provide protection and maintenance for the property until such responsibility is assumed by the General Services Administration.

Committee Discussion and Recommendation

The Building Committee recommended that the Board approve the recommendation as presented.

Board Discussion and Action

Upon motion by Mr. Joss, the Board voted to approve the recommendation as presented, with the following voting in favor of adoption: Directors Corey, Johnson, Joss, Madeu, McIntyre, Snider, Stewart, Westerdaal, and Layman.

Those voting no: None.

The President of the Board thereupon declared the above resolution duly adopted by a unanimous vote of those present.

Mr. Mosser was absent from the room at the time of the roll call vote.

Application for Golf Course Development on Beach Farm, OSU

(Considered by Building Committee, December 18, 1973; present—Joss, Stewart, Johnson, Layman, Mosser.)

Staff Report to the Committee

Oregon State University officials have requested authorization to file an application for $350,000 of federal grant funds to cover approximately one-half of the cost of an 18-hole public golf course, identified as a Willamette Recreation area project, on the former Beach Farm property located in Linn County along the east bank of the Willamette River just north of the bridge on U. S. Highway 34 leading into Corvallis. This development would involve approximately 175 acres of the 241-acre tract which the Board purchased in 1951. According to the minutes of the meetings of the Board on October 25, 1950, and August 3, 1951, the purchase price was $75,000. Of this amount, a down payment of $21,750 was made from resources available from the Board's land purchase reserve and the balance was
to be amortized over a period of 15 years or less from net income from the land. The principal and interest payments on the mortgage were made as contemplated, and there is no indebtedness on the property.

When the recommendation to purchase the John Beach property was made to the Building Committee on October 23, 1950, Dr. A. L. Strand, then president of Oregon State, indicated that the land would be used for agricultural research and experimental farming, and added that "certain physical education activities, such as golf, may ultimately be located there, besides the present College boathouse on the east bank of the river." Thus, the minutes of the Board meeting on the following day indicate that "The purposes listed by Dr. Strand for which this property would ultimately be used include agricultural research and future site of Department of Physical Education activities."

In September 1970, after considering the interest and qualifications of several professional designers, the Oregon State University Foundation contracted with Theodore G. Robinson of Rolling Hills, California, to prepare a preliminary routing plan for an 18-hole golf course on this site. A copy of the plan which Mr. Robinson prepared, under date of November 1971, is available in the Board's Office.

It is estimated that the total budget requirements for the project would be about $757,000, of which $57,000 relates to operating equipment. The base budget of $700,000 (exclusive of such equipment) would appear to qualify for federal grant participation of fifty percent.

Institutional officials have recommended that an application be filed for $350,000 of Land and Water Conservation Funds available to the Bureau of Outdoor Recreation (BOR), an agency of the U.S. Department of the Interior. Such an application would be processed through the State Parks and Recreation Branch of the Oregon Division following appropriate authorization by the Board and the Ways and Means Committee or the State Emergency Board. Pending receipt of the formal application, but based upon earlier estimates furnished by the institution, the staff of the State Parks and Recreation Branch has made a tentative reservation of $300,000 of the current year's allotment of BOR funds for this project.

The proposal from officials of Oregon State University anticipates that the remainder of the estimated project cost, over and above the federal grant of $350,000, would be financed from the following resources:

<table>
<thead>
<tr>
<th>Resource</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Student building fees</td>
<td>$200,000</td>
</tr>
<tr>
<td>Balances available from Beach Farm Property Operations</td>
<td>$45,000</td>
</tr>
<tr>
<td>Anticipated income from 1974 crop season</td>
<td>$10,000</td>
</tr>
<tr>
<td>Gifts and grants, including donated services</td>
<td>$152,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$407,000</strong></td>
</tr>
</tbody>
</table>

As noted above, $57,000 of such resources would be required for the operating and maintenance equipment, and the other $350,000 would be used as matching funds for the federal grant.

The projected annual operating statement prepared by the institution reflects income estimates of $97,000 from memberships ($41,000) and green fees ($56,000).

Expenditure estimates for salaries, wages, maintenance, repairs, utilities, etc., total $89,370, thus providing a contingency factor of $7,630. In a letter dated November 23, 1973, Dean Milosch Popovich indicated that the

"Income estimates were derived from surveys of 60 institutions that own and operate golf courses. No specific local market survey was conducted. The Bureau of Recreation has emphatically assured us that their analysis reveals a pronounced deficit of public golfing opportunities in this immediate area of the Willamette Valley. Our potential ability to construct a debt-free, quality golf course would seem to assure a reasonable fee schedule that would make this recreational opportunity accessible to many hundreds of individuals including students who would benefit from especially favorable rates."
Dean Popovich noted that "Enthusiasm of students was recently expressed when, after holding public hearings, the Student Senate voted by a very large majority to support construction of the golf course on the basis of the financing plan we are proposing."

In response to an inquiry concerning the possible impact that the proposed development of this property as a golf course might have upon other programs of the institution, Dean Popovich stated that the

"Development of the land for recreational use should have no particular impact upon Agricultural Experiment Station operations that border on the east of this property. After the purchase of the 240-acre Beach Farm, 72.4 acres of prime land were transferred to the Agricultural Experiment Station for a consideration over a period of years. The remaining land was in the flood plain of the Willamette River and not considered as desirable for research purposes. It has been leased to local farmers in the area on a year-to-year basis because the Experiment Station has not had an interest in utilizing it."

The brief description of the project, as stated in the draft of the grant application form prepared by institutional officials, is as follows:

"Construct an 18-hole golf course on land owned by Oregon State University across the Willamette River from Corvallis. The work includes site preparation, maintenance building, irrigation system, driving range, parking facilities and a minimum pro shop. There are no restaurant facilities included in this project development at this time."

The two-page "Project Plan and Justification," which is part of the application draft, states:

"This complete golf facility will be used by the general public, students, staff and faculty and their families all 12 months of the year. Starting times for golf will be scheduled on a 'first come' basis with special events given priority occasionally such as a Corvallis Open Tournament or an OSU Intercollegiate Match. The Driving Range will be scheduled for both lessons and open recreational use. Heavy use should be made of the golf course for recreational purposes. There will also be use by tourists and many visitors to the area."

On August 7, 1973, in response to an inquiry from Mr. Forest Evashesvski, Jr., Assistant to the President at Oregon State University, the Attorney General's office expressed the opinion that the institution may accept federal funds for the development of a golf course subject to the condition that the course "...be used primarily by the general public with the school use being secondary." In rendering this opinion, Mr. John A. Reuling, Jr., Senior Assistant Attorney General, cited the provisions of ORS 351.000 which reads:

"The State Board of Higher Education may:

(1) ..."

"(2) Manage, control and apply all property of whatever nature given to or appropriated for the use, support or benefit of any or all of the institutions, departments or activities under the control of the State Board of Higher Education, according to the terms and conditions of such gift or appropriation." (emphasis supplied)

Staff Recommendation to the Committee

As indicated above, the financing plan submitted by the institution anticipates the use of $200,000 of commingled student building fees. In view of reduced enrollment projections, the Controller's office estimates that insufficient revenues will be available to meet the Board's minimum debt service requirements for the next several years on outstanding obligations on the various
auxiliary enterprise projects throughout the State System which are dependent upon the $10 per term student building fee. Pending some adjustment in the amount of this fee, it would not appear desirable to recommend additional commitments from such resources. Furthermore, the emphasis of public use of the golf course seems stronger than the emphasis of student use. For example, the projections of annual income anticipate membership fees from only 30 students out of a total of 255 memberships, or 11.8 percent.

Inasmuch as the principal use would appear to be by persons other than students, it may be more appropriate to encourage others, such as the City of Corvallis, Linn County, a special park improvement district, or the State Parks and Recreation Branch to develop the facilities rather than to sponsor it as an institutional or State Board of Higher Education project. By making the site available, and perhaps also by obtaining the federal grant funds, it might be possible to encourage a private developer to contract for the management and operation of the facilities for a period of time sufficiently long to enable him to amortize the investment which he would make. Whether such a procedure would be permitted by the Bureau of Outdoor Recreation is questionable, but is being investigated by institutional officials and members of the staff of the State Parks and Recreation Branch.

Subject to a requirement that a different financing plan be developed by the institution, which would not include a proposal to use student building fees, self-liquidating bond borrowings under the provisions of Article XI-F(1) of the Oregon Constitution, or any state tax funds available to the Board, it was recommended that authorization be given to the appropriate Board officials to seek permission from the Ways and Means Committee or the State Emergency Board to file an application through the State Parks and Recreation Branch of the Highway Division for $350,000 of federal funds available to the Bureau of Outdoor Recreation of the U.S. Department of the Interior to assist in the financing of an 18-hole golf course, identified as the Willamette Recreation Project, on the Beach Farm at Oregon State University.

Committee Discussion and Recommendation

President MacVicar reviewed the history of the acquisition of the site and the proposed uses for the land. He also described the negotiations connected with the attempt to secure federal funds for the development of the recreational project and indicated that land acquired prior to approval of the project could not qualify as matching state funds for the federal grant. President MacVicar indicated that conferences with city and county agencies have indicated interest and support for the project but not to the extent of management of the operation.

President MacVicar said he had some reservations about the project in addition to the financial concerns mentioned by Mr. Hunderup. He said it has been suggested there would be a negative impact on the private golf course in Corvallis. He also stated there was a question as to whether the institution should be providing a public service when students are not the principal beneficiary. He said the student use is underestimated in the figures obtained by Mr. Hunderup because similar facilities at other institutions would indicate a student use of 20 to 35 percent.

President MacVicar said, however, that given the circumstances of the requirements of the federal grant and the fact that the City of Corvallis and Benton County have provided services without cost to Oregon State University for the benefit of students, he would be reluctant to refuse to participate in this project.

President MacVicar said he understood Mr. Hunderup to say he would not object to the principle of using the building fee for the construction of recreational facilities but that it would be unwise at the present time to invoke the limited flexibility of this fee for this particular project. He said he accepted that as a valid objection.

President MacVicar then asked Mr. John Gartland, President of the Associated Students of Oregon State University, to comment on the student viewpoint.
Mr. Gartland described the hearing process and review of the project as it was submitted through the student government. The project was approved by a vote of 19 to 9. He indicated the students lack recreational facilities and that this appeared to be a project which would increase the recreational capacity with a limited investment and would provide approximately 600 students enrolled in service courses in golf with a facility for play which would be in close proximity to the campus.

Mr. Gartland emphasized, however, that approval of this project should not jeopardize in any way the remodeling of Snell Hall.

President MacVicar referred to a survey taken two years ago to determine the interests of students in physical recreation. Swimming was first and golf second in the list of physical recreation facilities desired by the students.

Mr. Hunderup said the request is for authorization to seek approval of the Emergency Board or the Ways and Means Committee to file an application through the Parks and Recreation Branch of the Highway Division of the Department of Transportation to the Department of the Interior, Bureau of Recreation for a grant of $350,000, to be matched by the Board of Higher Education. Mr. Hunderup said that until the question of state matching funds is resolved, and exclusive of building fees, he was not prepared to take a request to the Emergency Board or the Ways and Means Committee.

Mr. Hunderup indicated that he would be willing to file an application if a financing plan could be developed by the institution which did not involve the use of student building fees, XI-F(l) bonds, or any funds appropriated to the State Board of Higher Education from state tax funds.

Mr. Hunderup said it was his understanding that a deadline date was not specified for the applications but that the institution wished to file as soon as possible in order to secure funds from those available for the current fiscal year.

In response to a question, Mr. Hunderup said the objection to the use of XI-F(l) bonds is that the facility will be utilized predominantly by the public rather than students. He said legally it probably could be done, but he would not want to recommend it.

The Committee approved a motion by Mr. Stewart to amend the fourth line of the staff recommendation to insert the words "available to the Board" after the words "or any state tax funds." This amendment has been included in the staff recommendation as shown above.

The Building Committee recommended that the Board approve the staff recommendation as amended. Mrs. Johnson voted against the motion.

Board Discussion and Action

In response to questions concerning this project, Mr. Hunderup explained that the golf course could be constructed without sponsorship of the Board of Higher Education. However, the Board would be involved if the golf course were built on land owned by the Board. It would be possible to lease the land or deed it to some other state agency. The requested authorization does not commit the Board to proceed with the development of the golf course but grants authority to file an application for the federal funds.

The Board voted against the motion to approve the recommendation by a vote of six to three. Mr. Joss, Mr. Snider, and Mr. Stewart voted for the motion. Mr. Corey, Mrs. Johnson, Mr. Haden, Miss McIntyre, Mr. Mosser, and Mr. Westerdahl voted against the motion.
Schematic Design for Marine Science Library and Laboratory Building Addition, Yaquina Bay, OSU

(Considered by Building Committee, December 18, 1973; present - Joss, Johnson, Mosser.)

Staff Report to the Committee

The Board's requests for capital construction for 1973-1975 reviewed and approved on July 24, 1972, included $645,000 for an addition to the Yaquina Bay Marine Science Center to provide instructional laboratory and library facilities. It was noted that this request was endorsed by the Inter-University Commission on Marine Science and that Architects Hewlett, Jamison, Atkinson & Ruey, who had designed the initial units of the Marine Science Center, had been commissioned to assist officials of Oregon State University in the design of the proposed addition. Inasmuch as legislative authorization was not obtained for this project in 1973, it is proposed that the request be presented to the Executive Department as part of the capital outlay program recommended for consideration by the special legislative session in 1974.

Institutional officials and the architects have filed with the Board's Office a copy of the schematic design phase of planning for the project. The proposed addition would be located at the center of the south side of the existing structure, parallel with the present east and west wings, and connected to the main building by an enclosed walkway. Of the total gross area of approximately 15,480 square feet to be constructed, about 11,880 square feet would be on the main floor and the remaining 3,600 square feet would be located on the second floor (above the central portion of the main floor). The space on the ground level would provide one large instructional laboratory, four or five smaller classroom-laboratories, a seminar room, seven offices, a cold room, and toilet rooms. The large laboratory would accommodate two or more class sections at the same time, allow a change of equipment whenever subject matter dictated it and would also permit division into individual smaller spaces if required at some future time. In addition to the several classroom-laboratory rooms and the seminar room, there would be the potential of approximately 100 student stations. Access to the partial second floor, which would accommodate the library and reading room and some storage and mechanical rooms, would be provided by two stairways and by a hydraulic elevator.

The architectural features of the proposed addition correspond with those of the existing building. For example, the exterior walls would be of tilt-up reinforced concrete columns both with exposed aggregate finish to match the initial units. The pitched roof would be formed with glu-laminated wood trusses and covered with cedar shakes over plywood. All exterior metalwork would be painted, corrosion-resistant aluminum. Interior office partitions would be painted gypsum board on wood studs and laboratory area partitions would be painted concrete block. Vinyl asbestos tile floor covering would be used generally, but some floors would be of surface-hardened concrete. Ceramic tile floors and wainscots would be installed within toilet rooms. Ceilings in the classroom-laboratory areas would be painted gypsum board, and in the offices and corridors the ceilings would be finished with acoustical tile on gypsum board. Laboratory fixtures would be wood with plastic-laminate facing. Some countertops would be finished with acid-resistant material.

In the interest of energy conservation, the roof area would be insulated and provision would be made, if possible, for double-glazed windows. The office areas would be heated with electric baseboard heaters and the remainder of the addition would be heated and ventilated by fan units having electric coils installed in the mechanical rooms on the upper level. All drainage piping would be corrosion-resistant and connected to existing systems. Generally, lighting would be by fluorescent fixtures. The courtyard adjacent to the corridor connection between the existing building and the addition would be landscaped and would feature native plants.

Based upon the price level expected to prevail in September 1974, when bids would be solicited if appropriate authorization is obtained for construction, it is estimated that the direct construction costs of the building addition and fixed equipment will be approximately $528,990, or $34.17 per square foot. Site work and utilities are estimated to be $28,897, thus making the total direct construction costs $557,887. The total project budget is estimated to be $600,000.
Meeting #414-16

Funding would be requested from the Legislature (General Fund appropriation and bond borrowings issued under the provisions of Article XI-G of the Oregon Constitution).

Staff Recommendation

It was recommended that the schematic design phase of planning for the Oregon State University Marine Science Library and Laboratory Building Addition at Yaquina Bay be approved and that the appropriate Board officials be authorized to instruct the project architects to proceed with the design development phase of planning. Following legislative authorization for construction, it is expected that the working drawings and specifications would be completed, bids would be solicited and a contract award made within a total budget not to exceed $690,000, subject to the approval of the State Emergency Board.

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE OF PLANNING

Project - OSU Marine Science Library and Laboratory Building Addition, Yaquina Bay
Architects - Hewlett, Jamison, Atkinson & Luey, Portland
Legislative authorization - To be requested
Estimated gross area - 15,480 square feet
Estimated total project costs

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<td>Average (per square foot) - $34.17</td>
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Tentative schedule:
Bidding - September 1974
Completion - September 1975

Tentative financing plan:
General Fund appropriation and Article XI-G bonds

$690,000

Committee Discussion and Recommendation

The Building Committee recommended the Board approve the recommendations as presented.

Board Discussion and Action

The Board approved the recommendations as presented.

(Considered by Building Committee, December 18, 1973; present--Joss, Johnson, Mosser.)

Staff Report to the Committee

As reported to the Board on September 25, 1973, Architects Halzisher, Longwood, Smith, Paul & Anderson, Eugene, were commissioned to provide professional services for the proposed Animal Care Facilities at Oregon State University. This project was included as Priority No. 3 within the listing of educational and general plant projects in the Board's capital construction requests for 1973-1975, and an expenditure limitation of $415,000 was approved for it by the 1973 Legislature.

Animals; such as mice, rats, rabbits, guinea pigs, dogs, non-human primates, etc., are used for both instruction and research by a number of departments on the Oregon State University campus. Currently, those departments have depended
largely on make-shift arrangements to house their animals without proper facil-
ities to maintain the healthful type of atmosphere necessary for the animals. 
Furthermore, most of the present facilities do not meet the standards of the 
National Institutes of Health. As indicated when the request for this project 
was presented to the Board in 1972, the institution's eligibility for continued 
Federal support of various instructional and research programs is dependent upon 
providing more adequate facilities for the proper care of animals.

Institutional officials and the project architects have filed with the Board's 
Office a copy of the schematic design for the proposed facilities which would 
be located west of 35th Street, immediately west of the Wave Tank and south of 
the site leased to the Federal government for the Environmental Protection Agency 
Laboratory. Access to the site would be gained by an extension of Jefferson Way 
west of 35th Street. The initial construction phase would contain a gross area 
of approximately 7,416 square feet within a one-story building, plus a mechanical 
penhouse containing approximately 600 square feet. The facilities would include 
ten animal holding rooms, radiology room, clinical pathology room, treatment room, 
offices for the director and secretaries, diet preparation area, food and bedding 
storage, animal isolation room, animal receiving room, animal cooler, food cooler, 
dirty cage and attendant equipment storage, washing area, clean cage and attendant 
equipment storage, loading dock, toilet, locker and small lounge facilities.

The architects have indicated the potential future expansion of the Animal Care 
Facilities to a total of approximately 24,000 square feet by the addition of 
aminal rooms, surgeries, laboratories and expansion of the washing and service 
areas.

Although a final decision concerning the selection of particular materials will 
not be made until the design development phase of planning, it is expected that 
the structural frame will consist of steel tube columns supporting steel wide 
flange or "I" section beams covered with cement plaster or other fireproof 
material to meet applicable building codes. The footings and foundation walls 
would be of reinforced concrete waterproofed as necessary. Exterior walls would 
be of concrete block. Knock-out panels would be provided to accommodate the pro-
jected future expansion. The roof would be of steel joists resting on the struc-
tural frame supporting galvanized steel roof deck in all areas. Doors and window 
members would be of hollow metal (steel). Interior finishes would comply with 
sanitation requirements consistent with governmental regulations and guidelines 
established by the Laboratory Animal Welfare Act, amended by the Animal Welfare 

Tentatively, it is expected that steam heating for the Animal Care Facilities would 
be provided from the campus utility system as an extension from the 
Radiation Center across 35th Street. The building would be heated and cooled 
with full humidity control. All return air would be 100 percent exhausted as 
required for laboratory-type facilities.

Based upon the price level expected to prevail in the spring of 1974, when bids 
for the project are expected to be solicited, the direct construction costs are 
estimated to be approximately $295,300. The portion thereof applicable to the 
building and fixed equipment, including the cage washer and the prefabricated 
cold rooms, is estimated to be about $291,590, averaging approximately $36.38 
per square foot for the total gross area of 8,016 square feet. The total project 
budget of $415,000 would be financed from the 1973 General Fund appropriation 
and Article XI-G Bonds.

Staff Recommendation to the Committee

It was recommended that the schematic design phase of planning for the Animal Care 
Facilities at Oregon State University be approved and that the appropriate Board 
officials be authorized to instruct the project architects to proceed with the 
design development and construction documents phases of planning, solicit bids and 
award a construction contract within the total project budget of $415,000, subject 
to the approval of the State Emergency Board.
Meeting #414-18 January 22, 1974

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE OF PLANNING

Project - Animal Care Facilities, OSU

Architects - Balzhiser, Longwood, Smith, Paul & Anderson, Eugene

Legislative authority - Chapter 592, Oregon Laws 1973

Board's priority - No. 3 in 1973-1975 (Educational and General Plant)

Estimated gross area - 8,016 square feet

Estimated total project costs $415,000

Estimated direct construction costs

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<td>Building and fixed equipment only</td>
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Average per square foot - $36.38

Tentative schedule:

Bidding - May 1974
Completion - October 1974

Tentative financing plan - General Fund appropriation and Article XI-G bonds $415,000

Committee Discussion and Recommendation

The Building Committee recommended that the Board approve the recommendations as presented.

Board Discussion and Action

The Board approved the recommendations as presented.

Preliminary Plans for Utility Improvements (Electrical System Revision Portion), OSU

Utility Improvement projects for Oregon State University totaling $895,000 were included within the 1973-1975 capital construction program approved by the 1973 Legislature as priority No. 5d in the educational and general plant category and priority No. 1d in the listing of auxiliary enterprises. Of this amount, $795,000 was budgeted for a major phase of the electrical system revisions which had been recommended within the "1971 Long-Range Study of Primary Electrical Distribution Facilities for Oregon State University," prepared by Mr. Stanley D. Reed, now senior principal of Engineering & Design Associates, Tigard.

Institutional officials and the project engineers have filed with the Board's Office a copy of the preliminary design and cost estimates for these primary electrical distribution improvements. The proposed project would provide the campus with an electrical distribution system adequate to meet expected loads in the next few years, improve the continuity of the existing system and lower the life cost for electrical power through one-point delivery service. The work would include construction of a new substation south of the Coliseum as the main receiving point for power at 20.8 kV from the serving utility, Pacific Power and Light Company. To accommodate the single point of entry, Pacific Power and Light Company equipment at the Coliseum, 26th Street and 35th Street substations, which are now separate entry points, would be purchased. The Coliseum substation would be developed as the major switching station for 20.8 kV circuits as the beginning of a gradual change to the 20.8 kV system from the present 4.16 kV system in order to provide greater flexibility and allow crossconnecting to avoid serious power outages.

Some of the circuits of the 20.8 kV system proposed in the long-range plan would be installed so as to be consistent with the single entry point, allow elimination of eleven extra entry points to the campus, and provide alternate power routes.
Circuits and switching facilities would be added to the 4.16kV system, as recommended in the long-range plan allowing alternate supply routes for emergency service to seven existing 4.16 kV feeders. This addition should preclude any further expansion of the existing 4.16kV system. The proposed improvements would include appropriate switching and crossover capabilities, manholes and vaults to house equipment and conversion from overhead to underground feeders, including those to the Coliseum substation, Parker Stadium, heating plant and physical plant shops.

Of the total estimated cost of $795,000 for the project, it is expected that state funds would provide $550,000 and the remainder of $245,000 would be provided from self-liquidating bond borrowings and/or balances available for auxiliary enterprises.

Staff Recommendation to the Board

It was recommended that the preliminary plans which Engineering & Design Associates have prepared for the Electrical System Revisions at Oregon State University be approved and that the appropriate Board officials be authorized to instruct the engineers to proceed with the preparation of final plans and specifications for the project based upon a direct construction cost allowance of $705,000, solicit bids and award construction contracts within a total budget of about $795,000, subject to appropriate action by the State Emergency Board in releasing the funds for expenditure.

RECAPITULATION UPON COMPLETION OF PRELIMINARY PLANS

Project - Utility Improvements (Electrical System Revision Portion), OSU Engineers - Engineering & Design Associates, Tigard Legislative authorization - Chapter 592, Oregon Laws 1973 Board's priority in 1973-1975 - Educational and general plant - No. 5d (part) Auxiliary enterprises - No. 1d (part)

Estimated total project cost $795,000
Estimated direct construction cost $705,000
Tentative schedule:
Bidding - September 1974
Completion - March 1975

Tentative financing plan:
State funds (General Fund appropriation and Article XI-G bond borrowings) $550,000
General obligation bond borrowings under Article XI-F(1) and/or balances available for auxiliary enterprises 245,000
Total $795,000

Board Discussion and Action

The Board approved the recommendations as presented

Release of Board's Interest in Invention of J. R. Miner, OSU

Staff Report to the Board

Oregon State University officials report that Dr. J. Ronald Miner, Associate Professor of Agricultural Engineering, has discovered a process entitled, "Rotation Flighted Cylinder To Separate Manure Solids from Water."

This discovery was submitted to Research Corporation in accordance with the patenting and marketing agreement, but said corporation has declined acceptance of the process for patenting and developing because of the relatively limited marketability.
The inventor believes that some benefit can be derived from the development of this process by his own effort and expense.

Staff Recommendation

It was recommended that the Board authorize the release to Dr. J. Ronald Miner of any interest it might have in the invention, in accordance with Section 64.140, Paragraph 4, of the Administrative Rules of the Oregon State Board of Higher Education.

Board Discussion and Action

The Board approved the recommendation as presented. Mr. Westerdaahl said the concept of total release of the Board’s interest in inventions may not be a valid concept for the Board when the inventions have been developed through Board financing and facilities. He suggested that an alternative proposal should be considered.

Increase in Enrollment Ceiling, UO

(Considered by the Committee on Academic Affairs, December 19, 1973; presented- Johnson, Corey, Messer, Holmes, Stewart.)

Pursuant to the provisions of the May 22, 1972, Board action, which set the enrollment ceilings for the institutions that “all limitations [on enrollments] . . . be reviewed and reconsidered in view of developments at two-year intervals,” the University of Oregon requested at the December 19, 1973, Committee meeting that the maximum enrollment limitation set by the Board for the University of Oregon May 22, 1972, at 15,000 fall term FTE be increased by the Board to 16,000 fall term FTE. If the Board were unwilling to authorize the requested increase, the University asked that it be authorized to invoke to some degree the 10 percent latitude clause which was attached to the 15,000 limitation.

Board’s Office Recommendation. The Board’s Office noted that raising the University of Oregon enrollment ceiling to 16,000 would not negate the Board’s expressed intent that the University should move to a steady-state enrollment. It would, however, (1) increase the institution’s ultimate size by 1,000, (2) postpone attainment of the enrollment ceiling by approximately four years because the Board’s Office proposed that the University of Oregon move from 15,000 to 16,000 enrollment in four yearly increments of 250 each, and (3) permit the transition to the steady state to be made more gradually and on a more orderly basis. The Board’s Office recommended that the ceiling be raised as requested; that if the Board felt that this was not feasible or desirable, the University be allowed to apply to the lesser enrollment ceiling to some degree the 10 percent latitude clause attached to the 15,000 enrollment limitation.

Committee Discussion

President Clark noted that the request had been discussed at some length on December 18 by the Finance Committee. He said he wished to emphasize that the University of Oregon favored enrollment ceilings, and had been working diligently to adjust its budgetary obligations in view of financial restrictions of the past two years so that it would be in a position to observe the ceiling when it was reached. However, he said, in the uncertain enrollment situation, the University of Oregon had not anticipated that the ceiling would be reached fall term 1973. He said the University of Oregon had hoped that it could have some additional flexibility to give time to develop a plan of enrollment control, but that if the Board decided this was not possible, the University of Oregon would do the best it could to remain within the ceiling fall term 1974. He noted that students not admitted to the University of Oregon would go to a variety of institutions, both in- and out-of-state, that it ought not to be anticipated that all would enroll in other State System institutions. Hence, State System total enrollments could be adversely affected by the University of Oregon’s being required to remain within the 15,000 ceiling.

Chancellor Lienallen pointed out that the Board’s Office was not proposing that the University of Oregon move free-flow to the new enrollment ceiling of 16,000. Rather, that the University would institute enrollment controls necessary to move the institution gradually to the new ceiling in increments of 250 students per year.
Mr. Stewart indicated that he did not see any reason to differentiate in establishment of the ceiling between the University of Oregon and Oregon State University. He suggested a common ceiling for the University of Oregon and Oregon State University be set at 15,500. Mr. Corey said he felt there had been some miscalculations in enrollment trends at the time the Board had set the enrollment ceilings and that he considered that the enrollment ceilings had not been intended to be absolute. He moved that the University of Oregon ceiling be raised to 16,000 fall term FTE.

Mr. Mosser remarked that the ceiling was a budgetary one - that the University of Oregon could go over the ceiling if it so desired, but that funding over and above the students' tuition and fee payments would be provided only for 15,000 FTE students. President Clark said he felt the University of Oregon would prefer to try to limit enrollment than to ask already overburdened faculty to assume additional instructional loads without funding for students enrolled above the 15,000 ceiling.

There followed an extended discussion of the possible financial impact on other institutions in the State System if the University of Oregon were permitted to enroll 250 students beyond the 15,000 ceiling fall term 1974. It was suggested that this question should be clarified at the January meeting of the Board.

Mr. Holmes said that as a matter of principle, he felt the Board was unwise in differentiating between the two universities [OSU and UO] in setting the enrollment ceilings. Mrs. Johnson said she felt the institutions needed to face the reality of the need to adjust to a stabilized enrollment situation.

Recommendation of the Committee

The Committee on Academic Affairs recommended by a vote of two to one, Mrs. Johnson voting no, that the Board raise the ceiling of the University of Oregon to 16,000.

Board's Office Recommendation - An Addendum

In the interim period since the Committee meetings of December 18 and 19, the Board's Office and University of Oregon officials have had further discussions concerning the enrollment ceiling and the University now proposes the following course of action which the Board's Office recommends to the Board for adoption:

1. That the issue of modifying the University of Oregon's enrollment ceiling upward from its present 15,000 be set aside by the Board and not considered until the budget for the 1975-1977 biennium is under discussion.

2. That the University live within the 15,000 FTE ceiling during the 1974-75 school year.

3. That if, in its efforts to remain within the ceiling and at the same time avoid underrealizing an enrollment of 15,000, the University should enroll in excess of 15,000 students for 1974-75, the University be allocated, for those students who are in excess of the 15,000 ceiling only, the tuition and fees paid by those students.

Board Discussion and Action

Mr. Mosser moved that the Board adopt the Board's Office recommendation presented in the above addendum and that the Board's Office prepare a report on enrollment trends and projections which would include proposed recommendations for any revision in the enrollment ceilings, to be brought to the February or April 1974 Committee meeting.

Mrs. Johnson asked whether it was intended that the report would respond to questions as to whether enrollment ceilings were appropriate and whether there should be limitations on graduate students or nonresident undergraduate students.
Mr. Mosser said he was more interested in determining any changes in the data upon which the present ceilings were established and also if there had been any change in the missions defined for the institutions which would indicate the necessity to revise enrollment ceilings previously established.

Mr. Corey said the available data should be considered in restructuring the enrollment ceilings but he would favor the equalization of the enrollment ceiling by the University of Oregon and Oregon State University, if possible.

Mrs. Johnson said the general philosophy of enrollment and what enrollment ceilings are intended to accomplish should be the subject of further study. Mr. Maden indicated that he concurred with the statement by Mrs. Johnson. He said enrollment ceilings were important in the achievement of the goals and objectives for the institutions. He said he would hope that the Board would consider the priorities with respect to each institution, the best way to allocate the resources to meet those priorities, and how to direct students to the particular institutions which would best fulfill the goals of the institutions and the students.

The Board approved the motion by Mr. Mosser.

Mrs. Johnson then moved that the Academic Affairs Committee or a committee designated by the President of the Board consider further the whole subject of enrollment ceilings and how the institutions would propose to implement them. She said this also implied consideration of ways to match students with institutional goals and a further sharpening of those goals.

There was a general discussion of the timing of the study proposed by Mrs. Johnson in terms of the budget preparation for 1975-1977 and further discussion of the topics to be covered in the Committee review. It was indicated that the four questions pertaining to enrollment projections as listed in the guidelines for the 1975-1977 biennial budget preparation should be considered in the study proposed by Mrs. Johnson.

Mrs. Johnson withdrew her motion, with the understanding that the report specified in the motion by Mr. Mosser would incorporate a response to the questions listed during the discussion.

**Revision of Part VI, Administrative Rules**

Staff Report to the Committee

Part VI of the Administrative Rules (Finance and Business Affairs) includes statutes, policies, and a number of administrative details. Some of the material can be omitted; some can be placed in other publications; editorial improvement is possible.

The following draft of a revised Part VI has been:

1. Retitled "Fiscal and Administrative Services."
2. Reorganized (hopefully in logical sequence).
3. Edited to delete inappropriate materials.
4. Amended to expand the materials on budget procedures.

An index showing the sources of proposed sections and the disposition of existing sections is appended.

There are no changes of substance intended.

The revised Part VI of the Administrative Rules appears as Supplement A to these minutes.
Meeting #414-23

January 22, 1974

Discussion and Recommendation by the Committee (Considered January 21, 1974; present--Mosser, Layman, Westerdahl, McIntyre, Johnson, Snider.)

The Finance Committee recommended that the Board adopt the proposed revision as recommended.

Board Discussion and Action

Mr. Layman said that a public hearing previously had been announced for 10:30 A.M., January 22, 1974. That hour having arrived, he asked if anyone wished to be heard for or against the proposed revision of Part VI of the Administrative Rules.

There being no response to his request, and no persons asked to be heard either for or against the proposal, the Board considered the revision.

Mr. Mosser moved that the Board adopt the proposed Part VI of the Administrative Rules as recommended, including the addition of Paragraph 63.033, Indirect Cost Charges to Endowment accounts, also recommended for adoption by the Finance Committee. He also called attention to a correction in Section 60.030, subparagraph 6, to change the word "institutional" to "instructional."

Section 60.160, Conveyances, and Section 60.161, Easements, have been renumbered and incorporated as Section 70.020 and 70.021 respectively. These renumbered sections are included in Supplement A.

The Board approved the Administrative Rules with the indicated amendments. These amendments have been incorporated in the attached copy of Part VI of the Administrative Rules and in Sections 70.020 and 70.021.

1974-75 Tuition Policy

(Considered by Finance Committee, December 18, 1973; present--Mosser, Layman, Westerdahl, Stewart, Corey, Holmes, Johnson, Joss.)

Staff Report to the Committee

Comprehensive changes in tuition policy for 1974-75 have been carefully considered at three meetings of the Interinstitutional Fee Committee. The recommendations made do not depart greatly from present practice for reasons described below:

1. Tuition based on a per credit hour charge

There is an apparent equity in charging each student in direct proportion to the number of credit hours of instruction he receives. However, there are certain fixed costs and other administrative considerations that argue in favor of something like the present tuition schedule. For example, it is the non-tuition part of total fees (health and incidental fees) that causes the present inequity for part-time students.

A further significant factor to be considered in the establishment of a per-credit-hour charge would be its effect on the average carrying load of students. Institutions with a high percentage of students now carrying more than the average load could experience a reduction in tuition income if the per credit hour charge results in reduced carrying loads. However, if the student enrollment patterns do not change, a per credit hour tuition policy would produce the same total income.
ANALYSIS OF FALL 1972 TUITION ON A PER-CREDIT-HOUR BASIS
RESIDENT UNDERGRADUATE STUDENTS

<table>
<thead>
<tr>
<th>Institution</th>
<th>Average Course Load SCH's</th>
<th>Percent of Students Above or Equal to Average Load</th>
<th>1972 Hourly Rate of Student Carrying 15 SCH's</th>
<th>Hourly Rate Needed to Generate Fall 1972 Income</th>
<th>Percent of Increase or (Decrease) of Actual Fall 1972 Income, to Income Generated by an Hourly Rate of $8.53</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>15.04</td>
<td>62.6%</td>
<td>$8.53</td>
<td>$8.29</td>
<td>2.9%</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>15.84</td>
<td>79.7%</td>
<td>8.53</td>
<td>7.97</td>
<td>7.0%</td>
</tr>
<tr>
<td>Portland State University</td>
<td>13.56</td>
<td>64.6%</td>
<td>8.53</td>
<td>8.76</td>
<td>(2.6%)</td>
</tr>
<tr>
<td>Oregon College of Education</td>
<td>15.09</td>
<td>67.5%</td>
<td>8.53</td>
<td>8.17</td>
<td>4.4%</td>
</tr>
<tr>
<td>Southern Oregon College</td>
<td>14.17</td>
<td>64.4%</td>
<td>8.53</td>
<td>8.59</td>
<td>(.7%)</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>15.74</td>
<td>75.0%</td>
<td>8.53</td>
<td>7.86</td>
<td>8.5%</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>14.60</td>
<td>73.9%</td>
<td>8.53</td>
<td>8.05</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

The factors which maximize the ability to generate tuition income are a high average carrying load and a high percentage of students at or above the average carrying load. (See Table 1.) It is estimated that five of the seven institutions would have generated more income on an hourly rate of $8.53 in Fall 1972 for undergraduate residents than the Fall 1972 tuition policy generated, if the students did not reduce their loads. Full-time tuition for 1972-73 was $128. $128 / 15 (average load for full-time students) = $8.53 (the average cost per credit hour). At a per-credit-hour charge of $8.53, a student taking 16 credit hours would experience a 6.62 percent increase in tuition; students taking 17 credit hours, a 13.39 percent increase; and students taking 18 credit hours, a 19.5 percent increase. Conversely, students taking 14, 13, or 12 hours would have corresponding percentage decreases.

A per credit hour tuition policy does provide the means to charge tuition related to the average cost of instruction, regardless of carrying load, and would speak to the issue many part-time students raise concerning their proportionately larger contribution to the cost of instruction.

The overriding factor in considering a per-credit-hour tuition charge is the effect such a policy would have on those students taking 16 credit hours or more. Under such a policy, these students would experience a double increase in tuition in 1974-75. One increase would be the result of switching to the per credit hour charge and the other being necessary to fund the increased cost of instruction authorized for 1974-75. The combination of these increases suggests a probable change in student behavior relating to carrying loads. The net result could be a significant reduction of tuition income.

2. Tuition based on the level of the student

On the average, the cost of graduate instruction is greater than that for upper division students, and similarly for upper division than for lower division students. A tuition policy based upon the level of student is founded in part upon the premise that students should pay tuition proportional to the cost of their instruction. A second premise is the greater earning potential of upper division and graduate students. A third premise sometimes advanced is that lower division tuition in the State System should be as close as possible to that of community colleges, whose liberal arts transfer students are presumably receiving the benefits of a substantially equivalent program of education.
To raise the tuition income necessary to meet expenditure requirements in 1972-73, resident undergraduates at the universities contributed 26 percent of the cost of instruction. In 1972-73, the cost per student for lower division students was $1,337.29; for upper division students, the cost was $1,672.86. The combined cost was $1,495.12, of which $384 (the tuition level in 1972-73) is 26 percent. For 1972-73, tuition levels of $348 (26 percent of $1,357) for lower division residents and $435 (26 percent of $1,673) for upper division residents would have raised the same amount of tuition income as did the $384 resident undergraduate tuition. (See Table 2.) The State Board raised the actual tuition level of resident undergraduate students in 1972-73 by 6.25 percent to arrive at the 1973-74 tuition level. If this same percentage is applied, by level, the 1973-74 tuition by student level would be $369 and $462 instead of the present combined level of $408. Were tuition rates set by student level in this manner, the result would be a 9.6 percent decrease in tuition for lower division residents and a 12.2 percent increase for upper division residents in 1973-74. For the nonresident lower division student, the tuition for 1973-74 would decrease from $1,590 to $1,471, or a 7.5 percent decrease; for nonresident upper division students, the tuition would increase from $1,590 to $1,840, or a 15.7 percent increase. The effect on enrollment could be substantial.

If the same rationale were used in determining tuition at the colleges, tuition levels would be as follows: lower division residents would experience a tuition decline from $408 to $354, or a 13.2 percent decrease; for upper division residents, the tuition would increase from $408 to $438 for a 7.4 percent increase.

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**ANALYSIS OF TUITION BASED UPON LEVEL OF STUDENT**

<table>
<thead>
<tr>
<th></th>
<th>Fall 1972</th>
<th>Fall 1972 Tuition</th>
<th>Fall 1972 Tuition</th>
<th>Percent of Increase or (Decrease) From Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost Per</td>
<td>Actual Fall 1972 Tuition</td>
<td>As Percent of Cost of Instruction</td>
<td>Cost for Nonresident Students</td>
</tr>
<tr>
<td></td>
<td>Student</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>UNIVERSITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Division</td>
<td>$1,337.29</td>
<td>$254</td>
<td>22.7%</td>
<td>$348</td>
</tr>
<tr>
<td>Upper Division</td>
<td>1,472.56</td>
<td>324</td>
<td>22.0%</td>
<td>435</td>
</tr>
<tr>
<td>Combined</td>
<td>1,495.12</td>
<td>364</td>
<td>23.7%</td>
<td></td>
</tr>
<tr>
<td>Nonresident</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Division</td>
<td>1,337.29</td>
<td>1,443</td>
<td>107.9%</td>
<td>1,337</td>
</tr>
<tr>
<td>Upper Division</td>
<td>1,472.56</td>
<td>1,443</td>
<td>85.3%</td>
<td>1,673</td>
</tr>
<tr>
<td>Combined</td>
<td>1,495.12</td>
<td>1,443</td>
<td>86.5%</td>
<td></td>
</tr>
<tr>
<td>Graduate</td>
<td>2,124.97</td>
<td>636</td>
<td>74.0%</td>
<td>552</td>
</tr>
<tr>
<td><strong>COLLEGES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Division</td>
<td>1,203.12</td>
<td>384</td>
<td>29.9%</td>
<td>336</td>
</tr>
<tr>
<td>Upper Division</td>
<td>1,599.44</td>
<td>384</td>
<td>74.2%</td>
<td>413</td>
</tr>
<tr>
<td>Combined</td>
<td>1,411.56</td>
<td>384</td>
<td>27.7%</td>
<td></td>
</tr>
<tr>
<td>Nonresident</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Division</td>
<td>1,203.12</td>
<td>1,104</td>
<td>88.9%</td>
<td>1,283</td>
</tr>
<tr>
<td>Upper Division</td>
<td>1,599.44</td>
<td>1,104</td>
<td>53.3%</td>
<td>1,589</td>
</tr>
<tr>
<td>Combined</td>
<td>1,411.56</td>
<td>1,104</td>
<td>77.2%</td>
<td></td>
</tr>
<tr>
<td>Graduate</td>
<td>1,982.22</td>
<td>630</td>
<td>31.7%</td>
<td>516</td>
</tr>
<tr>
<td>Oregon Inst. of Technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resident</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Div. Col. Trans</td>
<td>1,107.01</td>
<td>384</td>
<td>26.6%</td>
<td>288</td>
</tr>
<tr>
<td>Vocational-Technical</td>
<td>2,214.02</td>
<td>384</td>
<td>17.2%</td>
<td>575</td>
</tr>
<tr>
<td>Nonresident</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lower Div. Col. Trans</td>
<td>1,107.01</td>
<td>1,443</td>
<td>19.6%</td>
<td>1,107</td>
</tr>
<tr>
<td>Vocational-Technical</td>
<td>2,214.02</td>
<td>1,443</td>
<td>55.2%</td>
<td>2,214</td>
</tr>
</tbody>
</table>
At graduate level (excluding medicine, dentistry, law), the average cost per full-time (12-hour) student in 1972-73 is calculated at $2,113. Annual tuition of $630 was 29.8 percent of the cost of instruction. At 26 percent, graduate tuition would have been reduced to $549.

The cost of law school instruction is calculated at $1,732; medicine and dentistry exceed $5,600. In none of the professional schools does a 26 percent policy appear to be in the public interest.

At Oregon Institute of Technology (average cost of instruction: $2,214), a 26 percent policy would be excessive for lower division transfer students and prohibitive for many other resident students.

Oregon Institute of Technology and the professional schools also underscore the logical impropriety of a policy that would relate tuition to cost of instruction based on the level of the student while ignoring the cost of the student’s instructional program.

The idea that lower division tuition should more nearly approximate the tuition at community colleges presumes a degree of competition and of student mobility that probably does not exist.

3. Tuition related to the cost of instruction by program

Because a history major is less expensive than an engineering major, and all other programs vary in cost, it is sometimes urged that tuition be assessed in relation to the cost of each student’s major. For educational and administrative reasons, which are well known, this policy is unacceptable, except for the professional schools and debatable for them.

4. Nonresident graduate tuition

The proposition that a nonresident graduate tuition should be established has been repeatedly considered and is rejected for the reasons that have been advanced in prior discussions.

5. Revised treatment for part-time students

The major criticisms of the present tuition policy relate to its apparent discrimination against the part-time and post-baccalaureate student. On a per credit hour basis, the total charges to these students can be two to three times the rate charged others. A new tuition policy for part-time students at the colleges and universities and Oregon Institute of Technology would address this inequity. The Law School, Medical School and Dental School would be excluded. Such a part-time student policy would include the following principles:

A. A part-time student taking six credit hours or less may enroll under conditions determined by the institution. At the option of the institution, the admissions process and residency requirements may be waived. Part-time enrollment may be limited by the institution.

B. The tuition paid by the part-time student would be determined by the level of course or courses taken. The resident undergraduate tuition rate would be assessed on courses numbered 100 through 399. The graduate tuition rate would be assessed on courses numbered 400 and up.

C. The institutions would individually determine whether to make health service privileges available to students taking six credit hours or less and whether the student would have the option of participating in the health service program.

D. The institution would determine the level of the incidental fee for part-time students taking six credit hours or less. This fee may be set in a range from zero to 50 percent of the total fee for full-time students.
E. The part-time student taking 6 credit hours or less would be assessed 50 percent of the building fee assessed full-time students. For students taking courses assessed different fees because of course level, the building fee is assessed only once.

This revised part-time student policy would apparently result in a loss in tuition revenue approximating $220,000, except to the extent it is offset by increased enrollment. The majority of the loss would be experienced at Portland State University. The 1973-74 Special Student tuition rates at Portland State University are considerably higher than the proposed 1974-75 part-time tuition rates.

To illustrate the effect the part-time student tuition policy would have on the cost of education for students taking six credit hours or less, the following comparison is provided, using the 1973-74 tuition and fees schedule of the University of Oregon.

<table>
<thead>
<tr>
<th>Credit Hours</th>
<th>1973-74 Actual Tuition and Fees</th>
<th>Hypothetical 1973-74 Part-Time Student Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Resident</td>
<td>Nonresident</td>
</tr>
<tr>
<td>1-2</td>
<td>$52.00</td>
<td>$118.50</td>
</tr>
<tr>
<td>3</td>
<td>63.50</td>
<td>162.50</td>
</tr>
<tr>
<td>4</td>
<td>75.00</td>
<td>206.50</td>
</tr>
<tr>
<td>5</td>
<td>86.50</td>
<td>250.50</td>
</tr>
<tr>
<td>6</td>
<td>97.50</td>
<td>294.50</td>
</tr>
</tbody>
</table>

*This example shows Building Fee at $5.00, Incidental Fee on a sliding scale from $3 to $5 and a student's choice to not participate in the Health Service program.

Beginning with the 7th credit hour, regular residency and admission procedures would be followed and payment of tuition and fees would follow present patterns. It is recognized that this policy may affect the numbers of students taking between 7 and 8 graduate or 7 and 11 undergraduate credit hours. The data indicate this number of graduate students is very small. The number of undergraduates is somewhat higher but such students are now paying the proportionately higher fees.

6. Tuition policy for full-time students - the colleges and universities

To balance income and authorized expenditures at the colleges and universities, it will be necessary to produce Other Funds income totaling $26,335,820 in 1974-75.

Under present practice and policy, an automatic adjustment is that of assessing nonresident undergraduate university students at the estimated cost of instruction. The estimated cost-of-instruction increase from 1973-74 ($1,590) to 1974-75 ($1,665) is $75. A similar dollar increase at the colleges would increase tuition from $1,251 in 1973-74 to $1,326 in 1974-75. Nonresident student numbers are forecast to decline; therefore, the $75 increase in tuition on forecast enrollments will merely offset the tuition income lost due to enrollment decline.

In recommending the 1973-74 tuition policy, it was estimated that tuition levels for 1974-75 would need to be $432 for undergraduate residents and $708 for graduates. The estimated loss in special student income at Portland State University, due to the recommended change in the part-time
student tuition policy, will be offset through anticipated higher student retention from fall to spring terms. However, various budget adjustments have reduced the total amount of tuition income required. If the Committee finds the budget proposals for 1974-75 acceptable, tuition of less than $432 will be required. If, however, budget additions (for larger transition assistance, for a Board's reserve to speed change or fund special needs, or other purposes) are desired, tuition increases up to the amount formerly anticipated could be made.

Under present assumptions, resident undergraduate tuition would increase from $408 (1973-74) to $420 (1974-75) and graduate tuition would increase from $669 (1973-74) to $687 (1974-75). The 1973-74 tuition policy will generate an estimated $25,270,000 in tuition income. The 1974-75 policy must generate an estimated $25,536,000.

The proposed rates would result in tuition collections amounting to 30.42 percent of the instruction-related costs. Resident undergraduates would pay 24.5 percent of the cost of their instruction.

7. Oregon Institute of Technology

It has been Board policy to charge Oregon Institute of Technology students the resident and nonresident undergraduate tuition rates charged at the universities. No change in this policy should be required at this time.

8. University of Oregon Medical School and University of Oregon Dental School

In order to generate the required tuition income to meet authorized expenditure levels, the tuition increase for medical and dental students must equal the increases experienced in 1973-74. It was recommended that resident medical and dental tuition increase $45 from $756 in 1973-74 to $801 in 1974-75. Nonresident tuition increases $111 from $1,911 to $2,022. Resident nursing, medical technicians, and dental hygiene tuition increases from $408 to $420. Nonresident nursing, medical technicians, and dental hygiene increase $75 from $1,251 to $1,326. Graduate tuition increases $18 from $669 to $687.

9. University of Oregon Law School

The University of Oregon Law School tuition was recommended at the graduate level of $685 for 1974-75. The law study resources fee was recommended to increase from $100 to $200 in accordance with the policy previously established.

10. Other Fees Policy

University of Oregon Law School Admission Acceptance Fee

In accordance with policies previously adopted for the supplemental funding of the University of Oregon Law School, it was recommended that a $100 admission acceptance fee be established at the University of Oregon Law School.

Health and Incidental Fee

As revised by C. 331, O.L. 1973, ORS 351.070 reads, in part:

"(1) The State Board of Higher Education may, for each institution under its control:


(c) Prescribe fees for enrollment into the institutions. Such enrollment fees shall include tuition for education and general services, and such other charges found by the board to be necessary to carry on its educational programs."
(d) Prescribe incidental fees for programs under the supervision or control of the board found by the board, upon its own motion or upon recommendation of the recognized student government of the institution concerned, to be advantageous to the cultural or physical development of students.

(e) Upon recommendation of the recognized student government, collect optional fees authorized by the institution executive, for student activities not included in paragraph (c) or (d) of this subsection. The payment of such fees shall be at the option and selection of the student and shall not be a prerequisite of enrollment.

The health fee appears to fall logically under paragraph (c), even though optional for part-time students. It will be necessary for the Board to take specific action on the health fee for each institution. The budgets for health services have not been compiled so that action must be deferred. However, it appears probable that the maximum charge will need to be increased to $16 (from $14.50).

The incidental fee deliberations must also be deferred until student government and/or institutional recommendations are received in late spring. It is probable that the maximum rate will be increased to $30 (from $28).

11. Summer Session

The summer session fee policy is presently determined by the academic year fee policy. The policy is one in which the student pays the same total tuition and fees in the summer session as in the previous academic term. The net result of the policy being that the tuition portion of the total is greater in summer session than in the academic year because the health and incidental fee portions in the summer are reduced. The recommended part-time student policy for 1974-75 would prevent following this same practice because of the anticipated reduction of the incidental fee for students taking six hours or less and the options the institution and student may exercise regarding health services in the academic year tuition policy.

It was recommended that the summer session tuition policy be independent of the academic year policy. It was further recommended that:

A. The part-time student tuition policy not apply to summer session.

B. No residency distinction be made in summer session.

C. Tuition be higher in summer session than in the regular academic year because of the absence of residency requirements.

D. The 1974 tuition portion for full-time undergraduate enrollment be increased from $156 to $160 in 1975 for all colleges and universities and Oregon Institute of Technology. The tuition for full-time graduate enrollment be increased from $243 to $249 for all colleges and universities.

12. Division of Continuing Education

Given the essentially self-sustaining nature of the Division's operations, it is proposed that the Board authorize the Division to establish for credit courses such rates of tuition, not to exceed $23 per undergraduate credit hour or $38 per graduate credit hour, as will facilitate the Division's efforts to operate on a largely self-sustaining basis. These increases reflect an approximate 7 percent increase over the 1973-74 rate.
13. Refund Policy

The present refund policy allows for refunds of tuition and fees when a student withdraws from school. It does not allow for a refund for course load reduction unless the reduction is beyond the control of the student. This policy appears to penalize unfairly that student who may not have to withdraw from school but who must reduce his course load. It appears appropriate to consider a refund policy for students dropping from a full-time student (12-21) credit hours) to a part-time student (11 hours and under), and part-time students (11 hours and under) reducing their carrying load. A refund policy which would allow refunds for course load reduction before the close of the second week of classes, in each term, was recommended. The refund schedule would be as follows:

| Before the beginning of classes | 100% |
| Before the close of the 1st week | 90% |
| Before the close of the 2nd week | 75% |

Staff Recommendation

1. That the Committee recommend revision by the Board (after public hearing) of the charges to part-time students taking 6 credit hours or less. This revision to include:
   A. Institutional decision whether to apply admissions and residency requirements for part-time students.
   B. The assessment of tuition on course level rather than student level.
   C. The option of institutions to make health service optional to the student.
   D. The option of institutions to set incidental fee levels for part-time students within the range of zero to 50 percent of total fee.
   E. Assessment of a $5 building fee.
2. (See revised tuition schedule as shown in the Further Staff Report.)
3. That the Committee recommend action by the Board (after public hearing) to increase the law study resources fee from $100 to $200 per year for 1974-75.
4. That the Committee recommend action by the Board (after public hearing) to establish a $100 law school admission acceptance fee for 1974-75.
5. That the Committee recommend action by the Board (after public hearing) to set the maximum incidental fee charge at $30 per term for 1974-75.
6. That the Committee recommend action by the Board (after public hearing) to set the maximum health service fee charge at $16 per term for 1974-75.
7. That the Committee recommend action by the Board (after public hearing) to set the Division of Continuing Education's per credit hour charge at not to exceed $23 per undergraduate credit hour and $38 per graduate credit hour.
8. That the Committee recommend action by the Board (after public hearing) that the 1975 summer session tuition policy be independent of the academic year tuition policy and based on tuition at $160 per full-time undergraduate student, and $249 per full-time graduate student.
9. That the Committee recommend action by the Board (after public hearing) that a uniform refund policy for course load reduction be established for students...
dropping from full-time (12-21 credit hours) to part-time (11 credit hours and below) and part-time students (11 credit hours and below) reducing their carrying load. The refund schedule to be as follows:

- Before the beginning of classes: 100%
- Before the close of the 1st week: 90%
- Before the close of the 2nd week: 75%

Committee Discussion and Recommendation

The Finance Committee deferred consideration of the 1974-75 Tuition Policy to the special Finance Committee meeting on January 21, 1974. A further staff report appears on the following pages.

Further Staff Report

The item of the same title included in the Board Docket for the January 22, 1974, meeting was discussed by the Finance Committee on December 18. Requests were made for an analysis of incidental fee expenditures, a further consideration of assessment of tuition differentials by level of student, and calculations of the tuition increases permitted by the Department's 1974-75 expenditure limitation.

1. Tuition Based on Level of Student

Table 2 of the Board Docket item clearly indicates the need for a phase-in policy if a tuition differential by student level were implemented. It does not seem practical to lower tuition for some and substantially increase it for others in a one-year period. Such a policy could substantially affect enrollment projections and the educational plans of students whose financial ability to remain in school is marginal.

In order to develop a policy of equalizing the tuition costs to the students by level, the tuition policy must be defined. This definition must outline the goal to be achieved in equalizing tuition based upon cost of instruction. For illustration, the following tuition policy is proposed:

By 1978-79 (within five years) resident undergraduate tuition shall equal 25 percent of the cost of instruction for lower and for upper division instruction; nonresident tuition shall equal 100 percent of the cost of instruction for lower and for upper division instruction; and graduate tuition shall equal 30 percent of the cost of instruction.

Because this policy is being proposed within a biennium, the first constraint is that it must generate income needed to meet budgeted expenditures; the second constraint is to try and identify a policy which reduces tuition as a percent of the cost of instruction for lower-division students and increases tuition as a percent of the cost of instruction for upper-division and graduate students.

In establishing the tuition rates for a phase-in policy, the cost of instruction by level must be identified. The following table shows the estimated costs of instruction through 1978-79. These costs are built from the budgeted costs for 1973-74 and 1974-75 with an estimated 6 percent increase in costs each year thereafter.

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Lower Division</th>
<th>Upper Division</th>
<th>Graduate*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budgeted 1973-74</td>
<td>$1,429</td>
<td>$1,786</td>
<td>$2,286</td>
</tr>
<tr>
<td>Budgeted 1974-75</td>
<td>$1,514</td>
<td>$1,892</td>
<td>$2,422</td>
</tr>
<tr>
<td>Estimated 1975-76</td>
<td>$1,605</td>
<td>$2,006</td>
<td>$2,567</td>
</tr>
<tr>
<td>Estimated 1976-77</td>
<td>$1,701</td>
<td>$2,126</td>
<td>$2,721</td>
</tr>
<tr>
<td>Estimated 1977-78</td>
<td>$1,803</td>
<td>$2,253</td>
<td>$2,885</td>
</tr>
<tr>
<td>Estimated 1978-79</td>
<td>$1,911</td>
<td>$2,389</td>
<td>$3,058</td>
</tr>
</tbody>
</table>

*Cost based upon 12 credit hours equaling a full-time load.
In academic year 1974-75, this phase-in policy should generate $26,803,569 at the seven colleges and universities if the expenditure limitation of $111,658,925 for 1974-75 is to be funded.

Table 4 outlines how the tuition objectives as proposed for 1978-79 can be obtained and at the same time meet the immediate need of generating necessary income for the 1974-75 budget. The tuition proposed for 1974-75 in Table 4 would generate $26,876,192.

### Table 4

<table>
<thead>
<tr>
<th>Tuition Level</th>
<th>Resident</th>
<th>Non-Resident</th>
<th>Resident</th>
<th>Non-Resident</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$408</td>
<td>$439</td>
<td>$422</td>
<td>$450</td>
</tr>
<tr>
<td>$439</td>
<td>1,590</td>
<td>1,650</td>
<td>1,725</td>
<td>1,746</td>
</tr>
<tr>
<td>60</td>
<td>135</td>
<td>60</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td>3.8%</td>
<td>8.5%</td>
<td>4.8%</td>
<td>10.8%</td>
<td></td>
</tr>
</tbody>
</table>

This phase-in policy (Table 4) would result in the following tuition increases for 1974-75:

<table>
<thead>
<tr>
<th>Resident Lower Division</th>
<th>Proposed Tuition 1973-74</th>
<th>Proposed Tuition 1974-75</th>
<th>Dollar Increases</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$408</td>
<td>$422</td>
<td>$14</td>
<td>3.4%</td>
<td></td>
</tr>
<tr>
<td>$439</td>
<td>1,590</td>
<td>1,650</td>
<td>60</td>
<td>3.8%</td>
</tr>
<tr>
<td>1,725</td>
<td>135</td>
<td>60</td>
<td>4.8%</td>
<td></td>
</tr>
<tr>
<td>1,251</td>
<td>1,311</td>
<td>60</td>
<td>4.8%</td>
<td></td>
</tr>
<tr>
<td>669</td>
<td>712</td>
<td>43</td>
<td>6.4%</td>
<td></td>
</tr>
</tbody>
</table>

A policy which would maintain lower-division tuition at $408 for resident and $1,590 ($1,250 for colleges) for nonresident students would result in the following increases for upper division and graduate students to meet the funding requirements for 1974-75:

<table>
<thead>
<tr>
<th>Resident Upper Division</th>
<th>Proposed Tuition 1973-74</th>
<th>Proposed Tuition 1974-75</th>
<th>Dollar Increases</th>
<th>Percent Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$408</td>
<td>$450</td>
<td>$42</td>
<td>10.3%</td>
<td></td>
</tr>
<tr>
<td>$1,590</td>
<td>1,746</td>
<td>156</td>
<td>9.8%</td>
<td></td>
</tr>
<tr>
<td>$1,251</td>
<td>1,407</td>
<td>156</td>
<td>12.5%</td>
<td></td>
</tr>
<tr>
<td>669</td>
<td>714</td>
<td>45</td>
<td>6.7%</td>
<td></td>
</tr>
</tbody>
</table>

A tuition policy based on differential by student level would present certain administrative issues:

* For fee assessment purposes, is student level determined by hours attempted or completed? The assumption that the "hours completed" would be the criterion.

* Fee assessment at registration may need to be changed from paying full fees at time of registration to a fee billing system several weeks after registration so that all student records could be properly updated with credits completed to assure proper student classification by level. This would be particularly pressing at winter and spring term registration.
* Student aid administration would be affected for returning students because the "need analysis" would change for lower and upper division students because of the varying tuition rates. For example, a winter term upper-division student may qualify for aid, whereas as a fall term lower-division student he may not have qualified.

Administrative problems exist to be solved. They are identified only to indicate that the administrative costs would be increased in administering a tuition policy based upon level of the student. Only three state universities assess fees based on student level and one of the three began Fall Term 1973. Therefore, the administrative ramifications resulting from such a policy have not been adequately documented.

The administrative costs must be measured against the equitable benefit of charging tuition more nearly in accord with the estimated costs of instruction.

2. Revision of Recommended Tuition Rates

Increasing tuition to produce income sufficient to fund the Department's expenditure limitation would require modification of Staff Recommendation 2 in the Board Docket item. The additional increases would be $3 per term for resident undergraduates, $8 per term for nonresident undergraduates and $6 per term for graduate students.

The revised table of tuition rates would read as follows:

<table>
<thead>
<tr>
<th>For the Colleges and Universities and Oregon Institute of Technology</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Undergraduates</td>
<td>$143.00 (a $ 7.00 increase)</td>
</tr>
<tr>
<td>Nonresident Undergraduates --</td>
<td></td>
</tr>
<tr>
<td>Colleges</td>
<td>$450.00 (a $33.00 increase)</td>
</tr>
<tr>
<td>Universities and OIT</td>
<td>$563.00 (a $33.00 increase)</td>
</tr>
<tr>
<td>Graduate Students</td>
<td>$255.00 (a $12.00 increase)</td>
</tr>
<tr>
<td>UO Law School (Per Semester)</td>
<td>$353.00 (a $19.00 increase)</td>
</tr>
<tr>
<td>Part-Time Students (1-6 Credit Hrs.)</td>
<td></td>
</tr>
<tr>
<td>Course Levels 100-399</td>
<td></td>
</tr>
<tr>
<td>1-2 Credit Hours</td>
<td>$24.00 (a $1.50 increase)</td>
</tr>
<tr>
<td>3 Credit Hours</td>
<td>$36.00 (a $2.00 increase)</td>
</tr>
<tr>
<td>4 Credit Hours</td>
<td>$48.00 (a $2.50 increase)</td>
</tr>
<tr>
<td>5 Credit Hours</td>
<td>$60.00 (a $3.00 increase)</td>
</tr>
<tr>
<td>6 Credit Hours</td>
<td>$71.50 (a $3.50 increase)</td>
</tr>
<tr>
<td>Course Levels 400 Plus</td>
<td></td>
</tr>
<tr>
<td>1-2 Credit Hours</td>
<td>$52.50 (a $3.00 increase)</td>
</tr>
<tr>
<td>3 Credit Hours</td>
<td>$78.50 (a $4.00 increase)</td>
</tr>
<tr>
<td>4 Credit Hours</td>
<td>$104.50 (a $5.00 increase)</td>
</tr>
<tr>
<td>5 Credit Hours</td>
<td>$130.50 (a $6.00 increase)</td>
</tr>
<tr>
<td>6 Credit Hours</td>
<td>$156.50 (a $7.50 increase)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For the University of Oregon Medical School</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Medicine</td>
<td>$277.00 (a $15.00 increase)</td>
</tr>
<tr>
<td>Nursing; Medical Technician</td>
<td>$143.00 (a $7.00 increase)</td>
</tr>
<tr>
<td>Nonresident Medicine</td>
<td>$674.00 (a $37.00 increase)</td>
</tr>
<tr>
<td>Nursing; Medical Technician</td>
<td>$450.00 (a $33.00 increase)</td>
</tr>
<tr>
<td>Graduate</td>
<td>$235.00 (a $12.00 increase)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>For the University of Oregon Dental School</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident Dentistry</td>
<td>$277.00 (a $15.00 increase)</td>
</tr>
<tr>
<td>Dental Hygiene</td>
<td>$143.00 (a $7.00 increase)</td>
</tr>
<tr>
<td>Nonresident Dentistry</td>
<td>$674.00 (a $37.00 increase)</td>
</tr>
<tr>
<td>Dental Hygiene</td>
<td>$450.00 (a $33.00 increase)</td>
</tr>
<tr>
<td>Graduate</td>
<td>$235.00 (a $12.00 increase)</td>
</tr>
</tbody>
</table>
### Incidental and Health Service Fee Allocation Plan

**Year 1973-74**

#### Planned Allocation of Estimated Resources

<table>
<thead>
<tr>
<th>Institution</th>
<th>Student Union</th>
<th>Educational Activities</th>
<th>Athletic Activities</th>
<th>Contingency Reserve</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>$468,602</td>
<td>$304,489</td>
<td>$150,000</td>
<td>$4,257</td>
<td>$947,428</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>355,030</td>
<td>268,376</td>
<td>200,000</td>
<td>43,952</td>
<td>867,358</td>
</tr>
<tr>
<td>Portland State University</td>
<td>251,000</td>
<td>301,000</td>
<td>185,000</td>
<td>23,000</td>
<td>760,000</td>
</tr>
<tr>
<td>Oregon College of Education</td>
<td>91,069</td>
<td>58,705</td>
<td>71,695</td>
<td>-</td>
<td>221,469</td>
</tr>
<tr>
<td>Southern Oregon College</td>
<td>105,000</td>
<td>81,962</td>
<td>107,000</td>
<td>17,295</td>
<td>311,257</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>32,616</td>
<td>35,000</td>
<td>45,000</td>
<td>-</td>
<td>112,616</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>24,893</td>
<td>42,559</td>
<td>66,742</td>
<td>1,526</td>
<td>135,720</td>
</tr>
<tr>
<td>U of O Medical and Dental Schools</td>
<td>62,805</td>
<td></td>
<td></td>
<td></td>
<td>62,805</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$1,411,095</strong></td>
<td><strong>$1,092,091</strong></td>
<td><strong>$825,437</strong></td>
<td><strong>$90,030</strong></td>
<td><strong>$3,418,653</strong></td>
</tr>
</tbody>
</table>

#### Health Service Fee

<table>
<thead>
<tr>
<th>Institution</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Oregon</td>
<td>$667,838</td>
</tr>
<tr>
<td>Oregon State University</td>
<td>$571,403</td>
</tr>
<tr>
<td>Portland State University</td>
<td>405,000</td>
</tr>
<tr>
<td>Oregon College of Education</td>
<td>85,320</td>
</tr>
<tr>
<td>Southern Oregon College</td>
<td>158,077</td>
</tr>
<tr>
<td>Eastern Oregon State College</td>
<td>39,600</td>
</tr>
<tr>
<td>Oregon Institute of Technology</td>
<td>57,420</td>
</tr>
<tr>
<td>U of O Medical and Dental Schools</td>
<td>176,600</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$2,161,258</strong></td>
</tr>
</tbody>
</table>

Per Term Charge to Full-Time Student: $13.50

*Office of Administration
KLJ -- 1/7/74*
Further Committee Discussion and Recommendation (January 21, 1974; present--Mosser Layman, Westerdahl, Johnson, McIntyre, Snider.)

Mr. Holmer said a table showing the position of the University of Oregon and Oregon State University among the 19 state universities used for comparison purposes had been distributed to Board members. He called attention to the comparative standings in salaries and tuition charges to various categories of students.

Mr. Mosser said he had several concerns in suggesting a differential in tuition. The first involved establishing a more equitable charge to the student for the level of services received because there is a differential in costs of various programs and levels of instruction. Mr. Mosser said another concern was the competitive situation between State System institutions and community colleges or private institutions. A large difference in the charge for lower-division instruction between the community colleges and the State System tends to move students to the community colleges. A difference at the upper-division level between the State System and private institutions makes it more attractive for students at the private institutions to attend State System schools. Mr. Mosser said he would favor recognizing the cost difference between lower-division and upper-division instruction. However, he said he would be interested in the comments of the institutional executives as to whether implementation of the differential should be deferred until the administrative problems in charging the differential have been resolved.

President MacVicar said it would be preferable to maintain the present fee structure for the coming year. He said that achieving equity with respect to students would create an inequity for the public. Public benefit is the justification for public subsidy of education and the public benefit is greater as the student progresses toward the completion of the degree. President MacVicar said, however, that it would be proper to charge an increased percentage of the actual allocated cost of education on an across-the-board basis.

President MacVicar said there is presently in Oregon a reasonable balance between fees charged at the community colleges and private institutions of higher education. He said he would be reluctant for the State System to alter tuition in such a way as to distort that balance, particularly in view of the very serious problems of the private institutions in the state.

President MacVicar indicated that competition with the private institutions at the upper-division level is not as great as it is with the community colleges for the entering students. He urged that implementation of the tuition differential by levels be deferred. He also commented that the legislature has moved toward an average cost per student rather than a differentiated basis for making legislative allocations of state support.

Mr. Westerdahl suggested that tuition could be used as a policy instrument to encourage students to enter the institutions or programs which were in the best interests of the public at a particular time.

President MacVicar said very strong arguments could be made in favor of state support of the education of students in the amount of approximately 75 percent of the cost, with students paying an average of approximately 25 percent. He said he would argue very strongly against the use of price incentives as a means of encouraging manpower development in designated training programs. He also said that it has been unfortunate in the past that expensive and long-term educational programs have resulted in those programs being available primarily to individuals in the upper economic schedule.

President Sours expressed support for the establishment of a differential in tuition between lower-division and upper-division students as a state public policy. However, he said the differential proposed would make the problem of transfer from community colleges to Southern Oregon College more difficult.

President Sours indicated he would favor the changes proposed for part-time students.
Dr. Ray Hawk, Vice President for Administration and Finance at the University of Oregon, said it was recognized that there were values in a differential tuition at the undergraduate level but that establishment of the differential should be deferred until the problems in the financial management system are under stronger control. With respect to the part-time tuition, the University of Oregon would prefer to retain the present status for part-time student tuition.

Mrs. Johnson raised the question of the subsidy for graduate education, especially as it applies to nonresident students.

On motion by Mr. Westerdahl, the Finance Committee voted to refer to the Board the question of whether nonresident graduate tuition should be charged at full-cost level on an average basis for all graduate programs. Mr. Mossler said the question was referred with no indication of support for a change in Board policy by any member of the Committee, but for the purpose of deciding the issue for this year at the Board level.

It was mentioned that it was possible to use tuition differentials among institutions as a device for management.

President Purvine said out-of-state enrollment at Oregon Institute of Technology has declined sharply since the increase in out-of-state tuition, resulting in a reduction of total income. He also said the belief that there is an oversupply of personnel in the field of engineering has resulted in declining enrollments in engineering and engineering technology. There is actually a shortage of graduates in most branches of engineering. He said the differential between lower-division and upper-division tuition would create additional difficulties in engineering enrollments.

President Wolfe expressed support for a lower-division tuition differential at the four-year universities in the State System because of the competitive situation of Portland State University with the four community colleges in the Portland metropolitan area.

Mr. R. W. deWeese, representing FORE, presented recommendations of that organization. He said FORE believes that the proportion of costs paid by students through tuition should be increased to reduce 4 percent of the instructional costs in the next four-year period for resident students, both lower-division and upper-division. He emphasized that it was not intended that anyone would be denied an education and cited references in the FORE report to grant and loan assistance and other forms of support available to students. He indicated that FORE had not developed data on the additional student aid which would be required if the tuition were increased to the 40 percent level.

It was indicated that FORE had not taken a position on the question of tuition differentials, but that there would be a tuition differential if the costs of education were distributed on the basis of the 40 percent student and 60 percent public support for education.

The Finance Committee voted to recommend to the Board the adoption of the recommended tuition rates as set forth in the supplemental staff report. A motion by Mr. Westerdahl to delete the staff recommendation relating to incidental fees was defeated.

During the discussion, Mr. Westerdahl said incidental fees should be placed in mandatory and voluntary categories, using a check-off system for the voluntary category.

Also during the discussion it was suggested that perhaps some activities now financed by the incidental fee ultimately should be transferred to the academic program as essential parts of an education.

The Finance Committee recommended that the Board approve the staff recommendation presented in Items 1 and 3 through 9, together with the revised Item 2 previously recommended for approval and included in the further staff report.
Meeting 414-37

Board Discussion and Action

Mr. Layman said that a public hearing previously had been announced for 10:30 A.M. January 22, 1974. That hour having arrived, he asked if anyone wished to be heard for or against the proposed 1974-75 tuition policy.

Dr. Rupert A. Buchanan, Assistant Professor of Philosophy at Portland State University, and Craig Henry, President of the Associated Students of Portland State University, appeared in opposition to the 1974-75 tuition policy.

Dr. Buchanan said a tuition increase would create further financial pressure for prospective students either to remain out of school or to attend community colleges with lower tuition. He said he believed there really should be no tuition at all because charging tuition makes the availability of the necessary funds a prerequisite for obtaining positions of authority and responsibility. He said education should be for the people who are the most able, will benefit most from an education and be of the greatest benefit to society.

Mr. Westerdahl said basically he would agree with the principle of no tuition but the legislature had specified that a portion of the budget should be provided through tuition. If the tuition were not increased, it would be necessary to release additional faculty without timely notice.

Dr. Buchanan responded that a tuition increase would probably result in lower enrollments which would also cause additional faculty layoffs.

Mr. Henry said a discussion of tuition policy should include a consideration of budget preparation policies. He said he believed the problems of budget preparation at Portland State University could be lessened by dividing the budget into those costs related to head-count enrollment, and those related to full-time equivalent. He said such a system would provide for some stability so that when Portland State University is losing students, it is not losing as much money as it would under the present system. It would also reduce the time required for preparing the budget.

Mr. Henry urged the Board to consider the problem of recruiting new students in competition with the community colleges in Portland. He suggested the possibility of having freshman tuition the same as that charged by community colleges and increasing the amount each term so that it would be commensurate with the present charges in the State System when the student reaches the first term of the upper division level.

Mr. Mosser moved that the Board adopt the tuition policies as recommended in items one through nine of the staff recommendation, with the understanding that item two in the further staff report would be substituted for item two in the original staff recommendation.

Mr. Mosser said the Board's two highest priorities in the last legislative session were (1) no increase in tuition and (2) faculty pay increases of 6.28 percent per year. The legislature granted faculty salary increases of 5 percent per year and in effect mandated that students continue to pay the same percentage of costs as they had in the past. This necessitated some tuition increases as a result of inflation. Mr. Mosser said the principal motive of the Finance Committee in recommending the maximum tuition increase was to ease the problem of declining enrollments.

During the discussion, it was agreed that the policy recommended in item two would be considered separately and Mr. Mosser withdrew this item from his motion to approve one through nine.

The Board approved the staff recommendations included in items one and three through nine.

Mr. Mosser then moved that the Board approve item two in the further staff report.

Mrs. Johnson moved to amend item two to insert a category of nonresident graduate student tuition, including law students, at 50 percent of the cost of instruction as determined by staff. The motion was defeated, with Mrs. Johnson voting in favor of her motion.
The Board then approved the motion by Mr. Mosser to establish the 1974-75 tuition policies as recommended. Miss McIntyre voted against the motion. Miss McIntyre explained that students are not only facing increased tuition but increases in other costs as well. At the same time, the income of students is much less than that of the average consumer. Consequently, she said she could not, in good conscience, vote for the proposed increase.

The Board then approved a motion by Mr. Westerdahl that the staff be requested to identify and report to the Finance Committee the portions of the incidental fee which are absolutely mandatory, the system-wide efficiencies which might be made in the incidental fee, and categorize the remaining incidental fees in terms of educational missions. Mr. Westerdahl said he would favor a check-off system for those incidental fees which were not mandatory.

Mrs. Johnson moved that in preparation for the 1975-1977 budget the philosophy of tuition be examined, including different levels of charge for different students.

Mr. Joss said making reductions in the institutional budgets is a difficult task because either staff or students will be adversely affected. He said in comparing the situation of the staff and the students, the students have probably suffered more. He also commented that serious study should be given to the use of larger classes where appropriate, although he recognized the importance of the faculty-student ratio.

The Board approved the motion by Mrs. Johnson to examine the philosophy of tuition.

Residence Hall (Considered by Finance Committee, December 18, 1973; present--Mosser, Layman, Westerdahl, Stewart, Corey, Holmes, Johnson, Joss.)

Staff Report to the Committee

Student housing is provided at seven institutions within the State System of Higher Education. These housing facilities are considered self-liquidating and self-supporting from user fees and charges. As of July 1, 1973, the replacement value of the buildings was $86,505,394 with a bonded indebtedness of $38,434,000. All residence hall operations, except the University of Oregon Medical School, participate in the consolidated debt service pool. The consolidated debt service requirement, 100 percent coverage, for the current fiscal year is $2,837,501. Each institution's share of the consolidated debt service pool is the ratio of replacement value of each institution's residence halls to the replacement value of all residence halls.

Under the self-liquidating concept for residence halls, except for the Women's Residence Hall at the University of Oregon Medical and Dental Schools, the rates of charge are to produce sufficient total net operating income which, when added to the interest on investment, will provide the required 125 percent of debt service coverage for the System. Where the net operating income is insufficient to meet debt service requirements, student building fees are provided as supplemental funds, as in the case of the UCSD-QIDS Women's Residence Hall. The Chancellor has the authority to approve the transfer of funds, in exceptional or emergency circumstances, from student building fees to institutional accounts to meet the annual debt service requirements. This authority was exercised in fiscal year 1972-73 to supplement the residence hall debt service requirement at Oregon Institute of Technology.

Current Board policy requires a reserve equal to the debt service requirement for the two ensuing years. As of June 30, 1973, the consolidated debt service reserve was $5,650,503. Other institutional funds in excess of the consolidated reserve requirement are $1,101,614 in the Institutional Residence Hall Sinking Funds, and $1,974,000 in the Reserve for Building Repairs ($1,014,000) and Equipment Depreciation ($960,000), both as of June 30, 1973.

Earnings from operations in 1972-73 were $1,710,501. These earnings, along with interest on investments, totaled $2,501,549 which provided 90.1 percent of the debt service coverage for 1972-73, based on total debt service of $2,776,637. It is
requirement are $1,101,614 in the Institutional Residence Hall Sinking Funds, and
$1,974,000 in the Reserve for Building Repairs ($1,014,000) and Equipment Depreciation ($960,000), both as of June 30, 1973.

Earnings from operations in 1972-73 were $1,710,501. These earnings, along with
interest on investments, totaled $2,501,549 which provided 90.1 percent of the debt
service coverage for 1972-73, based on total debt service of $2,776,637. It is
currently estimated that earnings from operations for 1973-74 will be about
$1,600,000 and interest on investments, approximately $732,474, which will generate
82.2 percent of the required debt service of $2,837,501. The difference, $525,501,
will be provided from balances in the individual institution residence hall sinking
funds, supplemented from excess married student housing reserves (EOSC) and student
building fees (OIT).

The attached Schedule A shows that earnings have decreased $1,272,382 in a period
of five years while debt service has increased $421,000. Factors which affected
the reduction in earnings are as follows: (1) reduction in occupancy (2) deletion
of the counseling subsidy from general fund appropriation (3) token increase in
rates in 1970-71 (approximately $25) and no increase in 1971-72 to comply with
the spirit of the economic price-freeze and (4) operating costs increasing beyond
budgeted cost increases.

The institutional residence hall sinking fund reserves have been declining steadily
(see Schedule A). This decline is attributed to providing supplemental funds for
the annual debt service, establishment of a two-year reserve in the consolidated
pool for new facilities, and financing of capital improvement projects. Currently
Oregon Institute of Technology and the University of Oregon do not have any amounts
in their sinking funds and Eastern Oregon State College will not have any at the
end of the current fiscal year. The amount for Oregon College of Education will reduce to about $70,000, Oregon State University to $440,000, and Southern Oregon
College to $250,000 after debt service payments for 1973-74. It appears that the
composite total of the institutional residence hall sinking funds will be approximately $770,000 by July 1, 1974. If the current trend continues, depletion of
all the excess residence hall sinking funds will occur at Oregon College of Education
within one year, Southern Oregon College within three years, and Oregon State
University within five years.

Because the long-range debt service requirement will range between 2.8 and 2.9
million dollars until 1986-87, at which time it is scheduled to begin to decline,
it is important that consideration be given now to the future policies to be
followed in meeting of debt service requirements. With declining occupancy and
rapidly rising costs resulting in reduced earnings, ways must be explored of
increasing occupancy, reducing costs, further consolidating reserves, reducing
reserves, providing supplemental funding, or increasing rates.

Occupancy - The decline in occupancy over the past few years is in part
the result of changed living habits of the student. Institutions are presently experimenting with ways to improve occupancy levels through
enhancement of livability. Most institutions have or are planning to
install carpeting in selected areas. The University of Oregon has established a "personality in residence" program. Southern Oregon College has
implemented a living-learning arrangement in the residence halls by establishing areas dedicated to students pursuing the same educational objective.
Oregon State University has set aside one residence hall for graduate
students only. Certain restrictions have been eased in this graduate hall
to make it more appealing to students 21 years of age or older. A program
which has not yet been adopted, but which has been considered, is a policy
of reduced rates for upper classmen based upon the number of years within
the residence hall program.

At the University of Oregon, spring reservations by a significant number
of students were not followed by occupancy. Present refund policies do
not provide a great deterrent to this practice. A nonrefundable deposit
may be of assistance in assuring improved occupancy -- at least at the
universities.
Reduce Costs - Each institution, during the past several years, has by necessity become more efficient. Therefore, reference to cost reduction is not a reference to efficiency, but a reference to program or service reduction. The attempt here is to focus reexamination of services such as linen, telephone service, and counseling services now provided from residence hall earnings. The counseling service costs total nearly $500,000 for the State System. Until recently, a counseling subsidy of approximately $25 per occupant was provided from General Fund appropriations to the residence halls. Under the cost accounting arrangements now administered by the State System, the residence halls are being asked to pay for services previously received at a lesser charge or no charge at all -- services such as landscaping, security, purchasing, accounting, etc. Accounting policy may dictate such charges; however, these additional charges must be recognized in the charges or in other adjustments to residence hall income or resources.

Consolidate Reserves - Institutional residence hall sinking fund reserves have been declining. At present, two institutions have no reserves at all. Consideration has been given to the consolidating of all institutional sinking fund reserves into one account from which the necessary funds could be drawn to supplement earnings to meet the annual debt service requirement. However, it appears in the best interest not to consolidate these excess reserves, in order to maintain individual institutional management incentives to meet debt service requirements.

Reduce Reserves - At present, we have a two-year debt service reserve for all outstanding bonds. In the context of declining occupancy, basically due to declining enrollments, it may be time to raise the question whether the two-year debt requirement reserve is not meant to be utilized in times such as these. Along with other proposals outlined above, it may be in the public interest to reduce these reserves temporarily to assist in the meeting of debt service requirements until debt service begins to decline and/or earnings from operations and interest on investments increase to restore the two-year coverage. This should be one of the last steps taken, to preserve the credibility of Oregon's bonding practices.

Supplemental Funding - Student building fees are presently assessed to all students to meet the debt service requirements of non-revenue producing buildings and supplement debt services of other auxiliary activities as the need arises. It may be appropriate to discuss the assessing of building fees to cover the deficit between earnings and debt service requirements for residence halls, other than UOAS-UOOS Women's Residence Hall. The authority for the use of building fees for bond retirement on residence halls does exist; however, the authority is only used in exceptional or emergency situations, and is not a general policy. During fiscal year 1966-67, $3,659,550 was transferred from residence hall sinking funds and operating accounts to supplement the education and general building program. It may be proper to consider whether these funds in part or in total should be returned over a period of years to the residence halls to assist in debt retirement needs.

Increase Rates - Rates should be increased when required by inflation of operating costs. In order to maintain a reasonable occupancy level, these rates must be competitive with private housing as well as other colleges and universities in near proximity. Statistical analysis reflects that our institutional residence hall rates are in the lower one-third when compared to similar institutions across the United States. There is evidence that occupancy levels are not as sensitive to the rate structure as they are to enrollment levels and housing policies. Also it appears that interim adjustments to the rates may be necessary in the future when cost increases exceed budgeted cost increases as in the case of the current fiscal year. An interim rate increase for the current fiscal year seems inappropriate due to lack of proper notice to students as well as compliance with the State's Administrative Procedures Act. However, future rates and room and board contracts should incorporate reference to the possibility of an upward adjustment if the actual costs exceed budgeted costs by more than two or three percent.
### SCHEDULE A
Oregon State Board of Higher Education
Analysis of Historical Data Related to Residence Hall Operations
Fiscal Years 1968-69 – 1973-74

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Earnings (from Operations)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EOSC</td>
<td>$126,091</td>
<td>$108,173</td>
<td>$129,018</td>
<td>$74,705</td>
<td>46,887</td>
<td>123,554</td>
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<tr>
<td>OIT</td>
<td>153,560</td>
<td>103,714</td>
<td>86,589</td>
<td>81,180</td>
<td>46,887</td>
<td>123,554</td>
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<td>OCE</td>
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<td>255,946</td>
<td>141,661</td>
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<td>OSU</td>
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<td>915,159</td>
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<td>357,125</td>
<td>346,733</td>
<td>261,949</td>
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<td>190,000</td>
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<tr>
<td>UO</td>
<td>718,478</td>
<td>709,013</td>
<td>490,141</td>
<td>379,504</td>
<td>601,514</td>
<td>550,000</td>
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<tr>
<td><strong>Totals</strong></td>
<td>$2,872,882</td>
<td>$2,684,320</td>
<td>$2,284,807</td>
<td>$1,854,458</td>
<td>$1,710,501</td>
<td>$1,600,000</td>
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</tbody>
</table>

| **Average Occupancy** |          |          |          |          |          |                  |
| **1973-74 Capacity**  |          |          |          |          |          |                  |
| EOSC        | 558      | 555      | 541      | 527      | 433      | 330              |
| OIT         | 516      | 469      | 469      | 436      | 432      | 399              |
| OCE         | 757      | 896      | 875      | 936      | 740      | 644              |
| OSU         | 3,895    | 3,811    | 3,879    | 3,643    | 3,670    | 3,476            |
| SOC         | 1,709    | 1,165    | 1,244    | 1,309    | 3,245    | 2,056            |
| UO          | 2,059    | 3,051    | 2,893    | 2,254    | 2,255    | 2,360            |
| **Totals**  | 9,494    | 9,977    | 9,901    | 9,705    | 8,775    | 8,265            |

| **Debt Service** |          |          |          |          |          |                  |
| EOSC        | $76,997  | $99,611  | $89,958  | $108,848 | $118,112 | $128,933         |
| OIT         | 87,663   | 90,655   | 81,751   | 120,994  | 121,998  | 127,354          |
| OCE         | 114,824  | 139,821  | 192,040  | 188,567  | 182,468  | 195,347          |
| OSU         | 660,805  | 890,697  | 623,267  | 823,413  | 729,370  | 857,169          |
| SOC         | 254,784  | 249,301  | 224,983  | 279,588  | 270,345  | 289,862          |
| UO          | 502,923  | 537,638  | 503,339  | 493,053  | 493,053  | 533,362          |
| **Totals**  | 1,597,796| 1,827,723| 1,715,338| 2,041,763| 1,985,539| 2,105,027        |

| **Institutional sinking fund (July 1)** |          |          |          |          |          |                  |
| EOSC        | $202,903 | $183,601 | $164,335 | $39,222  |          |                  |
| OIT         | 114,567  | 65,172   | 11,674   |          |          |                  |
| OCE         | 382,468  | 212,515  | 201,477  | 157,598  |          |                  |
| OSU         | 695,632  | 817,235  | 926,582  | 565,433  |          |                  |
| SOC         | 382,197  | 510,845  | 358,435  | 342,333  |          |                  |
| UO          | 624,874  | 388,052  | 37,465   | 18,852   |          |                  |
| **Totals**  | 2,332,841| 2,139,420| 1,699,986| 1,101,614|          |                  |

* 100% coverage less interest on investments.

Office of Administration
EY - October 15, 1973
Charges for 1974-75

Following are the residence hall charges for 1974-75, proposed by the institutions, as compared to the current charges:

<table>
<thead>
<tr>
<th>Institution</th>
<th>1973-74 Rates</th>
<th>Increase</th>
<th>Proposed 1974-75 Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOSC(1)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Double</td>
<td>$1,050</td>
<td>$160</td>
<td>$1,210</td>
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<tr>
<td>Single</td>
<td>1,260</td>
<td>190</td>
<td>1,450</td>
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<tr>
<td>OIT(2)</td>
<td></td>
<td></td>
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<tr>
<td>Double</td>
<td>1,070</td>
<td>130</td>
<td>1,200</td>
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<tr>
<td>Single</td>
<td>1,325</td>
<td>125</td>
<td>1,450</td>
</tr>
<tr>
<td>OCE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Double</td>
<td>960</td>
<td>300</td>
<td>1,260</td>
</tr>
<tr>
<td>Single</td>
<td>1,185</td>
<td>295</td>
<td>1,480</td>
</tr>
<tr>
<td>OSU(3)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Double</td>
<td>995</td>
<td>80</td>
<td>1,075</td>
</tr>
<tr>
<td>Single</td>
<td>1,290</td>
<td>108</td>
<td>1,398</td>
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<tr>
<td>SOC</td>
<td></td>
<td></td>
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<tr>
<td>Double</td>
<td>1,020</td>
<td>180</td>
<td>1,200</td>
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<tr>
<td>Single</td>
<td>1,325</td>
<td>235</td>
<td>1,560</td>
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<tr>
<td>UO</td>
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<td></td>
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<tr>
<td>Double</td>
<td>1,020</td>
<td>100</td>
<td>1,120</td>
</tr>
<tr>
<td>Single</td>
<td>1,325</td>
<td>131</td>
<td>1,456</td>
</tr>
</tbody>
</table>

(1) Deluxe singles $50 more than normal single rate.
(2) Deluxe double and single $50 more than standard double or single.
(3) Charges various rates reflecting qualitative differences in accommodations. The rate above compares to the UO proposed rate.

These proposed charges reflect that the colleges and Oregon Technical Institute, having lower occupancy rates than the two universities, feel compelled to seek larger increases than those proposed by the universities. The higher rates may, however, be self-defeating and certainly tend to encourage enrollment at the universities. Under the circumstances, it appears most appropriate to charge a basic standard rate system-wide for multiple and single occupied spaces with similar services and accommodations. Institutional flexibility in rates, such as Weatherford Hall at Oregon State University, for differences in services, accommodations and contract terms, should be permitted.

Staff Recommendations

Following public hearing by the Board, it was recommended that the following policies and rates relating to housing operations be approved:

1. That the residence hall charges for 1974-75 be established at rates that will provide income from operations plus interest on investment which is intended to equal 100 percent of debt-service coverage.

2. That the sources of funds to meet debt service for residence halls be in the following priority sequence:
   a. Institutional residences hall sinking fund reserves.
   b. Reserve of building repair funds above two percent of replacement value of residence hall buildings.
   c. Excess other housing sinking fund reserves.
   d. Excess other auxiliary activities sinking fund reserves which charge user fees such as parking and cafeterias.
e. Unencumbered funds from other auxiliary activities, such as vending machines, bookstores, etc.
f. Student building fees.
g. The two-year consolidated debt service reserve.

3. That the rates for the residence halls applicable to 1974-75 be standardized at $1,150 for a multiple and $1,450 for a single occupied space with intra-institutional variations to reflect:
   a. Services provided
   b. Accommodations
   c. Contract terms

4. That the "board only" contracts and "room only" contracts at UMS-UODS Women's Residence Hall and OSU Cooperatives be increased to offset cost increases anticipated for the following fiscal year. Recommended rates are as follows:
   Board only: $110 per month
   UMS-UODS: $550 (multiple), $725 (single) annually
   Cooperatives - OSU
   Heckart, Reed, Azalea and Oxford - Coed Cottage $362/annually
   Avery, Dixon $390/annually

5. That the Board declare a policy that interim rate adjustments will be considered when cost increases exceed by three percent the budgeted cost.

6. That institutions be authorized by the Board to increase summer term charges up to a maximum of ten percent above the rates of summer 1973, to provide flexibility in management.

7. That the Board authorize the institutions to establish a nonrefundable room deposit of up to $100.

Committee Discussion and Recommendation

The Finance Committee deferred consideration of residence hall charges until the special Finance Committee meeting on January 21, 1974.

Further Staff Report and Recommendations

The staff recommendations shown in the Board Docket item for the January 22, 1974, meeting presented the best estimates of budget expectations that could be made in late November. As uncertainties of many kinds have developed in the intervening weeks, it has been proposed that Board action be taken on the policy issues but that action on the dollar recommendations (Nos. 3 and 4) be deferred until at least March.

It was also proposed that Recommendation 2 be amended to insert a new item:
"e. Unencumbered funds from other auxiliary activities such as vending machines, bookstores, etc."

Further Committee Discussion and Recommendation (January 21, 1974; present--Mosser Layman, Westerdahl, McIntyre, Johnson, Snider.)

The Committee discussed the standardized charge for residence halls as recommended and the source of funds to be used to meet debt service requirements.

Mr. Mosser said the standardized charge would appear to remove the incentive for improved management in the residence halls. He said there should be a better definition of the reasons why there is a deficit in residence hall operations at one institution and not at another. He said he would prefer to equalize the charge for the specific factors causing the deficit rather than to establish a uniform rate for residence halls at all institutions.
President MacVicar said if it were necessary at a particular institution to protect the integrity of the System's bonded indebtedness, the charge should be borne by all students at all institutions. He said he would favor taking the necessary amount from the student building fee rather than assessing a surcharge.

Mr. John Gartland, President of the Associated Students of Oregon State University, said the students recognized the need to meet some of the increased costs of operation. However, he said the recommendation for standardized residence hall charges would require Oregon State students to pay more than was necessary. The policy would encourage inefficient management and destroy the flexibility an institution requires to offer a viable and responsible program. He said as a result of good management Oregon State University presently had the resources to deal with any problem in the foreseeable future.

Mr. Greg M. Fook, residence hall president, said he represented the students living in the residence halls who wished to express their concern and opposition to the recommended increase. He said the students were willing to attempt to reach a solution to the problem of increased costs but they were not willing to pay for the expenses of other institutions. He said the recommended increase is not needed at Oregon State University and would result in a loss of students because higher education is becoming too expensive for many students. Mr. Fook stated that everyone had a responsibility to assure the availability of quality education during the next several years.

Mr. Mosser said he would favor the establishment of a ceiling for residence hall charges which would not discourage occupancy and then determine the necessary subsidy to maintain that ceiling in some of the institutions which have particular problems.

Dr. Gerald Bogen, Vice President for Student Affairs, said it should be noted that $4.6 million of student money from building reserves or student fees had been transferred into general fund activities several years ago.

The Finance Committee approved a motion to request the Chancellor to recommend a maximum charge for single and multiple occupancy accommodations at any institution.

It was indicated that the recommendation to establish residence hall rates sufficient to provide 100 percent of debt service coverage would meet legal requirements of bonded indebtedness, as long as it was done on a one-year basis.

The Finance Committee recommended that the Board approve the policies as presented, with the understanding that the Chancellor would determine the amount and recommend the source of funds to meet any deficit which arose from the ceiling which he recommended for residence hall charges.

Board Discussion and Action

Mr. Layman said that a public hearing previously had been announced for 10:30 A.M. January 22, 1974. That hour having arrived, he asked if anyone wished to be heard for or against the proposed residence hall charges and policies. No one requested an opportunity to be heard. The Board proceeded to consider the proposal.

The Board approved the recommendations one through seven subject to the modification in recommendation three to set a maximum charge for single and multiple occupancy accommodations at any institution. It was understood that further study would be given to alternate sources of funds instead of those specified in 2f and 2g.

Amendment to AR 10.160, Standing Committees

At the December 18, 1973, adjourned session of the November 26, 1973, Board meeting, the Board approved a proposed amendment to AR 10.160, Standing Committees, subject to public hearing at the January Board meeting. The appropriate notice of a public hearing at 10:30 A.M. on January 22, 1974, has been made. The proposed amendment to AR 10.160 appears below:

Each standing committee shall consist of three or more Board members and at least one alternate, and one or more staff officers in the office of the State Department of Higher Education shall be assigned as consultants to each of the four committees.
Board Discussion and Action

Mr. Layman said that a public hearing previously had been announced for 10:30 A.M. January 22, 1974. That hour having arrived, he asked if anyone wished to be heard for or against the proposed amendment to Section 10.160 of the Administrative Rules.

There being no response to his request, and no persons asked to be heard either for or against the proposal, the Board considered the revision.

The Board approved the amendment to Section 10.160 of the Administrative Rules.

Appointment of Standing Committees

Mr. Layman then appointed the following Board members to the standing committees of the Board:

- Committee on Academic Affairs--Mrs. Johnson, Chairman; Mr. Corey; Mr. Holmes; Mr. Maden; Mr. Joss, alternate.
- Committee on Buildings--Mr. Joss, Chairman; Mr. Snider; Mr. Stewart; Mr. Maden and Mr. Westerdahl as alternates.
- Committee on Finance--Mr. Mosser, chairman; Mr. Layman; Miss McIntyre; Mr. Westerdahl; Mr. Stewart, alternate.
- Committee on Public Service Activities--Mr. Holmes, Chairman; Mr. Corey; Mr. Mosser; Mrs. Johnson and Miss McIntyre, alternates.

Easement and Right-of-Way for The Millrace Restaurant, UO

(Considered by Building Committee, December 18, 1973; present--Joss, Johnson, Mosser.)

Staff Report to the Committee

On December 8, 1970, the Board granted a two-year extension of an earlier non-exclusive easement and right-of-way over a 16-foot roadway on the University of Oregon campus to Mr. and Mrs. Albert R. Powell, doing business as The Millrace Restaurant. The roadway which extends approximately 100 feet from Franklin Boulevard, is adjacent to the property which they own. The arrangements were continued on an informal basis during 1973 upon payment of the same $300 annual charge. The Powells desire a continuation of the access rights for an additional two-year period and have agreed to an increase of $60 in the annual fee.

Staff Recommendation

It was recommended that the President and the Secretary of the Board be authorized to execute a two-year non-exclusive easement and right-of-way to the Powells for roadway purposes, extending to December 31, 1975, for an annual consideration of $360.

Committee Discussion and Action

The Building Committee recommended that the Board approve the recommendation as presented.

Board Discussion and Action

The Board approved the recommendation as presented.

Preliminary Plans for Utility Improvements (Pollution Control Portion), UO

Staff Report to the Board

The Board's capital construction requests for 1973-1975 include $1,025,000 for Utility Improvements at the University of Oregon, consisting of various modifications and additions to the campus electrical and heating distribution systems, as well as some additional pollution controls at the central utility plant. The amount budgeted for pollution controls is $180,000.
As reported to the Board at the March 27, 1973, meeting, Cornell, Howland, Hayes & Merryfield, consulting engineers of Corvallis, were commissioned to provide professional services in outlining alternatives for boiler stack emission controls at the central utility plant at the University of Oregon. The services included stack emission sampling, an evaluation of the effect of existing fuel firing techniques and fuel preparation as well as evaluation and design of draft and emission controls, calculations of steam loads and an analysis of alternative standby fuels.

At the present time, the University of Oregon's one large and three smaller boilers are restricted to operating below their rated steaming capacity in order to comply with provisions of the Clean Air Act. The authorized steaming capacity is at the rate of 168,000 lbs/hr. with all four boilers operating, somewhat below the calculated 1975 steam production requirements for heating and power production. The large boiler operates with a primary particulate emission collection system while the three smaller boilers lack such devices.

Institutional officials and the project engineers have filed with the Board's Office a copy of the preliminary design and cost estimates on the Central Utility Plant Particulate Emission Control.

In order to increase the steaming capacity of the four boilers, a number of incremental steps need to be accomplished. It is expected that this project would include the installation of controls for the height of fuel piles within the boiler combustion chambers, modifications to controls for the fly-ash cinders on the three small boilers and installation of a secondary fly-ash collector on the large boiler. Other portions of the engineers' recommendations, to be carried out by physical plant personnel rather than being part of this project, include the installation of smoke monitoring devices and forced draft controls on the three small boilers as well as specific evaluations of the effectiveness of these improvements to determine if further portions of the design need to be undertaken.

Of the total estimated cost of the project, it is expected that state funds would provide $110,000 and the remainder of $70,000 would be provided from self-liquidating bond borrowings and/or balances available for auxiliary enterprises.

Staff Recommendation to the Board

It was recommended that the preliminary plans which Cornell, Howland, Hayes & Merryfield have prepared for Central Utility Plant Particulate Emission Control be approved and that the appropriate Board officials be authorized to instruct the engineers to proceed with the preparation of final plans and specifications for various improvements within this project based upon a direct construction allowance of $130,000, solicit bids and award construction contracts within a total budget of about $180,000, subject to appropriate action by the State Emergency Board in releasing funds for expenditure.

RECAPITULATION UPON COMPLETION OF PRELIMINARY PLANS

Project - UO Utility Improvements (Pollution Control Portion)

Engineers - Cornell, Howland, Hayes & Merryfield, Corvallis

Legislative authorization - Chapter 592, Oregon Laws 1973

Board's priorities in 1973-1975 - Educational and general plant - No. 5a (part)

Auxiliary enterprises - No. 1a (part)

Estimated total project cost

$ 180,000

Estimated direct construction cost

$ 150,000
Tentative schedule:
Bidding - April 1974
Completion - October 1974

Tentative Financing Plan:
State funds (General Fund appropriation and Article XI-G bond borrowings) $110,000
General obligation bond borrowings under Article XI-F(1) and/or balances available for auxiliary enterprises 70,000
Total $180,000

Board Discussion and Action

The Board approved the recommendation as presented.

Alterations to Emma Jones Hall for Family Practice Clinic, UOHS

Staff Report to the Committee

Earlier this year, at the request of officials of the University of Oregon Medical School, arrangements were made for some remodeling within Emma Jones Hall to accommodate the Family Practice Clinic. This building had been used previously as a nurses' dormitory for Multnomah Hospital, but was available for reassignment even prior to the recent transfer of the county facilities to the state. The alterations were designed with the assistance of Architects Bloodworth, Hawes, Peterson & Associates, and the initial phase was undertaken within a budget total of $49,698, all of which was provided from the federal grant for the Family Practice Clinic. The work involved conversion of study-bedrooms into the following areas: patient waiting room, business office and record room, patient preparation room, seven examination rooms, a nurses' station, a minor surgery room and an X-ray room. Some revisions in the toilet rooms were mandated by local governmental building authorities and were accomplished as part of the work performed by the contractor, Gene H. Settelen. A portion of the finish work remains to be completed.

Because the total commitment was less than $50,000, it was not identified as a capital construction project but was treated as a minor capital improvement.

Inasmuch as the Family Practice Residency which will be housed in the Clinic is expanding in enrollment, and inasmuch as additional funds are now available, institutional officials have requested that bids be solicited for additional remodeling, also designed by Architects Bloodworth, Hawes, Peterson & Associates, in order to complete the interior finish of rooms remodeled in the first construction phase and to provide five additional examining rooms, a laboratory, two faculty office-examining room combinations, a library and conference room, and an office space for the department's secretary. It is estimated that the second phase of alterations would involve expenditures ranging from slightly less than $30,000 to approximately $60,000 depending upon whether various deductive bid alternates for painting, bookcases, shelving and other cabinet work were exercised. Sufficient resources are available to the institution from the federal capital grant for health professions to cover the larger amount.

Staff Recommendation to the Committee

It was recommended that the appropriate Board officials be authorized to approve the plans and specifications for the second phase of remodeling within Emma Jones Hall for the Family Practice Clinic at the University of Oregon Medical School, solicit bids and award a construction contract within a budget not to exceed $60,000 to be financed from federal grant funds available to the institution, subject to the approval of the State Emergency Board if required.

Committee Discussion and Recommendation

The Building Committee recommended that the Board approve the recommendation as presented.

Board Discussion and Action

The Board approved the recommendation as presented.
Mr. Layman said it was necessary for the Board to discuss a personnel matter during the Board luncheon.

Upon motion by Mr. Westerdahl, the Board voted to meet in Executive Session during the Board luncheon for the purpose of discussing a personnel matter.

George W. Stout (Considered by Finance Committee, December 18, 1973; present--Mosser, Layman, Stewart, Westerdahl, Corey, Holmes, Johnson, Joss.)

Reclassified as Quasi-Endowment, UONS

Staff Report to the Committee

The minutes of the Board meetings of December 14, 1971, and May 22, 1972, include information and Board actions with regard to a bequest of assets evaluated at the time of receipt thereof at $457,149.

The Endowment relates to the will of George W. Stout, deceased, which provided that:

"I hereby give and bequest unto the University of Oregon Medical School for Medical Research for heart disease and cancer all of the stock of Stout Motor Company, an Oregon corporation. The manner of the use of this bequest shall be left to the discretion of a committee composed of Dr. Howard Lewis, Dr. Kenneth Swan and Dr. I. C. Brill."

The members of the committee of doctors have heretofore executed an instrument in February 1972, effective as of March 1, 1971, to the effect that an Endowment be established at the Medical School for research in heart disease and cancer, that only the income be used for the indicated purposes, as the Dean of the Medical School determines, and that the principal of the Endowment be not expended for current use.

The committee of doctors and the Medical School now consider it to be in the interest of attaining the objectives stated in the will of the deceased by permitting as much as 35 percent of the original principal of the bequest to be available and expended for current purposes.

The Office of Administration has consulted with legal counsel.

Staff Recommendation to the Committee

It was recommended that the bequest assets be categorized as a Quasi-Endowment, with the expectation that to the maximum extent possible, the principal of the bequest be held intact and not expended; but that nevertheless up to but not in excess of 35 percent of the original principal of the bequest may be authorized for expenditure by the Vice Chancellor for Administration, in accordance with the objectives of the will, and in accord with AR 66.111.

Committee Discussion and Recommendation

In response to a question concerning the advisability of using the principal of the bequest, Dean Holman indicated that it would be used as seed money for the cardio-vascular program. It will provide funds for equipment and patient care.

The Finance Committee recommended that the Board approve the recommendation as presented. It was understood that Dean Holman would advise the Board's Office when it was anticipated that the funds would be needed. The investment advisors could then consider the most appropriate time for the conversion of the stocks into cash.

Board Discussion and Action

The Board approved the recommendation as presented.
State System Guidelines for Foreign Study Programs

(Considered by the Committee on Academic Affairs, December 19, 1973; present--Johnson, Corey, Holmes, Mosser, Westerdahl.)

Dr. Romney reviewed with the Committee the State System experience with foreign study programs. He discussed program characteristics, policies governing approval and discontinuation of State System foreign study programs, coordination of foreign study programs, and funding policies. He noted that an interinstitutional committee on international education has, since 1965, advised with the Board's Office of Academic Affairs regarding matters concerning foreign study programs. The committee assisted the Board's Office in the development of guidelines for foreign study programs, which guidelines were adopted by the Board in 1967, and which, with only slight modifications, continue to serve as the policies under which these programs are established and operated.

Dr. Romney said the suggestion has on occasion been made that the foreign study programs be administered from the Board's Office. He said it was the view of the Board's Office and of the institutions that this would be unwise because the programs must be closely attuned to the educational needs of students or they will not survive. These needs are best known by the institutional staffs.

Board's Office Recommendation. Dr. Romney said it was the recommendation of the Board's Office and of the institutions that the present Board-approved guidelines for foreign study programs be reaffirmed by the Board. He said he further recommended that the interinstitutional committee on international education assume responsibility for coordination in the area of services to foreign students on State System campuses.

Committee Discussion and Recommendation

President MacVicar and President Rice both spoke in support of the present methods for administering and coordinating foreign study programs in the State System. Following a discussion of various aspects of the foreign study programs and the operation of the present guidelines, Mr. Holmes moved that the guidelines as presently adopted by the Board be reaffirmed. Mrs. Johnson said she would prefer that the guidelines be reviewed again by the interinstitutional committee on international education before action to reaffirm the guidelines. Mr. Holmes' motion was approved by the Committee by a vote of two, Mrs. Johnson abstaining.

Board Discussion and Action

Mrs. Johnson moved that the Board approve the recommendation of the Committee as presented.

Mr. Layman said he questioned the desirability of reaffirming guidelines unless they were reexamined for possible changes. He said the proposed guidelines did not appear to recommend any substantial changes and he would hope that reaffirmation of existing policies would not foreclose future study of the foreign study programs.

Mr. Layman said he would not necessarily agree that it would be unwise to have the programs administered through the Board's Office because the programs must be appropriate to the educational needs of the students in order to survive. He said consideration should be given to the establishment of the Board's Office of an office of international education which would coordinate and administer overseas programs. Mr. Layman said greater integration and economy might be possible with a centralized administration than with the present institutional administration of overseas study but that this would require a full analysis of the responsibilities and costs connected with administration of overseas study.

The Board voted to refer the overseas study programs to the Committee on Academic Affairs for further study.
Staff Report to the Committee

At the November 26, 1973, meeting of the Board, Chancellor Lieuallen mentioned that some of the recommendations contained within the University Management and Finance Study published in April 1975 by the Foundation for Oregon Research and Education (FORE) had been identified by Mr. Raymond M. Alexander, Sr., chairman of the study committee, as having high priority for consideration by the Board. It was suggested that they be included in the agendas of the appropriate committees for discussion on December 18 and 19.

Of particular concern to the Committee on Buildings and Other Physical Facilities, and possibly also to the Committee on Finance, is the final recommendation submitted by the FORE Facilities Subcommittee within Chapter IV, PHYSICAL FACILITIES:

That the legislature study the question of revising state law to permit the added flexibility and economic benefits offered by new techniques associated with the financing of capital expenditure on buildings and equipment.

Comments relating to this recommendation were contained within pages 99-101 of the FORE report.

With respect to major equipment items, such as computers, it was noted that present state law has the effect of precluding commitments beyond the next budgeted biennium and thereby deprives the state and its subdivisions or agencies of the opportunity to benefit from "financing leases" or so-called "full-payout" equipment leases. Currently, it is necessary either to purchase the equipment outright or on an installment basis or to enter into "operating" leases which are likely to be more costly. It was suggested that the proposed "financing lease" would be "dollar-efficient" because it would provide the exact amount of financing, at the exact moment needed, for the exact term desired, and at a low rate.

Inasmuch as the recommendation concerns all of state government, and the responsibility for the procurement of equipment rests largely with the Department of General Services, the Board's staff has initiated discussions with the director, Mr. Leander Quiring, and has learned that this matter is under active consideration in that department.

Insofar as the financing of buildings is concerned, it has been advantageous for the Board to utilize state appropriations, gifts and grants, student building fees, bond borrowings under the provisions of Article XI-F(1) and Article XI-G of the Oregon Constitution, and other resources available to the Board, to acquire and/or construct the facilities needed for higher education purposes rather than to enter into long-term or short-term leases. There are some exceptions. For example, pending legislative authorization for studio and office facilities for OCEBS, space has been leased. Similarly, to accommodate personnel engaged in some of the federally-sponsored programs in Education at the University of Oregon, office quarters have been leased. Under Oregon statutes, such arrangements were subject to prior approval by the Department of General Services.

In a few instances, such as the acquisition of Shephard Hall and the purchase of the Beach Farm at Oregon State University, the Board has made payments over several years, but under contract provisions which did not impose an obligation on future state appropriations.

Section 7 of Article XI of the Oregon Constitution, as amended by the electorate on November 3, 1964, authorizes the state or any agency thereof to lease real property "for any period not exceeding 20 years and for a public purpose." In accordance with this Section and specific legislative authorization, the Department of General Services has entered into long-term contracts for office buildings for various state agencies in several locations across the state.
The suggestion by the FORE committee that consideration be given to changes in Oregon law to permit "the added flexibility and economic benefits to be obtained by the state" from alternative methods of financing expenditures for buildings, as well as equipment, is being pursued with Mr. Quiring in view of its state-wide implication.

Staff Recommendation to the Committee

It was proposed that the Board's staff, assisted as necessary by the Board's attorney, continue to discuss with other state officials, such as the director of the Department of General Services, the recommendation of the FORE Facilities Subcommittee that revisions be made in Oregon law "to permit the added flexibility and economic benefits offered by new techniques associated with the financing of capital expenditure on buildings and equipment." If specific amendments or additions to the statutes relating to the Department of Higher Education appear to be desired, they will be presented to the Board for review and appropriate action.

Committee Discussion and Recommendation

The Building Committee recommended that the Board approve the recommendations as presented.

(Also please see statement at conclusion of the Finance Committee item in the report section of the minutes pertaining to the FORE report.)

Board Discussion and Action

The Board approved the recommendations as presented.

(Considered by Building Committee, December 18, 1973; present--Joss, Johnson, Layman, Mosser.)

Staff Report to the Committee

During the final days of the regular legislative session in 1973, the Ways and Means Committee formulated its recommendations concerning the capital construction requests of the Department of Higher Education for the 1973-1975 biennium. These recommendations, which subsequently were approved by the Legislature and signed into law by the Governor, included authorization for the following educational and general plant projects.
### Table: Board's Priority and Project

<table>
<thead>
<tr>
<th>Priority</th>
<th>Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OIT Classroom, Laboratory and Office Facilities and Water Chiller</td>
</tr>
<tr>
<td>2</td>
<td>UO Straub Hall Remodel for Academic Use</td>
</tr>
<tr>
<td>3</td>
<td>OSU Animal Care Facilities</td>
</tr>
<tr>
<td>4</td>
<td>OSU Dearborn Hall Remodel</td>
</tr>
<tr>
<td>5</td>
<td>Utility Improvements</td>
</tr>
<tr>
<td>6</td>
<td>UCDS Clinic Equipment Replacement and Related Alterations</td>
</tr>
<tr>
<td>10</td>
<td>UO Marine Biology Station Alterations, Charleston</td>
</tr>
<tr>
<td>14</td>
<td>UOOS Dental School Buildings Remodel</td>
</tr>
<tr>
<td>15</td>
<td>OEPS Television Improvements</td>
</tr>
<tr>
<td>18</td>
<td>OEPS Cancer Center Facilities and Related Alterations</td>
</tr>
<tr>
<td>19</td>
<td>UOOS Ophthalmology Clinic Expansion</td>
</tr>
<tr>
<td>-</td>
<td>OSU Boyce Thompson Institute for Plant Research (incl. $70,000 for Preliminary planning) (Enrolled House Bill 3252)</td>
</tr>
</tbody>
</table>

### Table: State Funds, Gifts, Grants, Total

<table>
<thead>
<tr>
<th>State Funds</th>
<th>Gifts, Grants</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,500,000</td>
<td>-</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>$1,715,000</td>
<td>-</td>
<td>$1,715,000</td>
</tr>
<tr>
<td>$415,000</td>
<td>-</td>
<td>$415,000</td>
</tr>
<tr>
<td>$275,000</td>
<td>-</td>
<td>$275,000</td>
</tr>
<tr>
<td>$615,000</td>
<td>-</td>
<td>$615,000*</td>
</tr>
<tr>
<td>$1,405,000*</td>
<td>-</td>
<td>$1,405,000*</td>
</tr>
<tr>
<td>$60,000</td>
<td>-</td>
<td>$60,000*</td>
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<tr>
<td>$615,000</td>
<td>-</td>
<td>$615,000*</td>
</tr>
<tr>
<td>$420,000</td>
<td>-</td>
<td>$420,000*</td>
</tr>
<tr>
<td>$1,145,000</td>
<td>-</td>
<td>$1,145,000</td>
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<tr>
<td>$250,000</td>
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<td>$250,000</td>
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<tr>
<td>$60,000</td>
<td>-</td>
<td>$60,000</td>
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<tr>
<td>$815,000</td>
<td>-</td>
<td>$815,000</td>
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<tr>
<td>$315,000</td>
<td>-</td>
<td>$315,000</td>
</tr>
<tr>
<td>$9,825,000</td>
<td>$2,330,000</td>
<td>$12,155,000</td>
</tr>
<tr>
<td>$6,820,000</td>
<td>-</td>
<td>$6,820,000</td>
</tr>
<tr>
<td><strong>$16,645,000</strong></td>
<td><strong>$2,330,000</strong></td>
<td><strong>$18,975,000</strong></td>
</tr>
</tbody>
</table>

*Partial costs; remainder financed from resources available for Auxiliary Enterprises.

The Ways and Means Committee considered the possibility of granting authorization to the State Emergency Board to approve other requested projects to cover the contingency that the Boyce Thompson Institute for Plant Research, Inc., would not enter into a contract with the Board prior to October 1, 1973, to relocate on the campus of Oregon State University. However, inasmuch as a determination had already been made that a special legislative session would be called by the Governor early in 1974 for other budget matters, the Ways and Means Committee concluded that an opportunity would be available at that time to consider additional capital outlay projects for higher education.

In view of the decision of the Boyce Thompson Institute for Plant Research, Inc., to decline the invitation to move to Corvallis, the appropriations of $3,375,000 and $70,000 contained within Sections 1 and 4 of Chapter 813, Oregon Laws 1973 reverted to the General Fund, and the authorization within Section 2 of the Act to issue general obligation bonds in an amount not to exceed $3,375,000 was rescinded as of October 1, 1973.
Institutional officials have urged that the Board seek authorization from the special legislative session early in 1974 to proceed with a number of high-priority capital construction projects. Most of them had been included in the limited program presented to the Governor's office prior to the 1973 regular session, but escalation factors have occurred, additional planning has been accomplished and adjustments in cost estimates are warranted. In addition, because of the enactment of the Oregon Safe Employment Act as Chapter 833, Oregon Laws 1973 (Enrolled Senate Bill 44), it is essential that resources be requested to cover the estimated requirements for correcting as soon as possible many of the unsafe conditions existing on the campuses. The details thereof, as well as descriptions of the other requests, are outlined in the narrative statements attached to this agenda item.

(Note: For the convenience of Board members, there is also attached a photocopy of page 578 of the Board minutes of July 23, 1973, comparing the Board's requests and the Governor's budget recommendations with legislative authorizations for capital outlay in 1973 (regular session).)

Staff Recommendation to the Committee

It was recommended that the following priority listing of capital construction requests be presented to the Executive Department for consideration by the special legislative session early in 1974:

<table>
<thead>
<tr>
<th>Priority Number</th>
<th>Project Description</th>
<th>Project Amount</th>
<th>Cumulative Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Various Corrections of Unsafe Conditions:</td>
<td>$2,095,000</td>
<td>$2,095,000</td>
</tr>
<tr>
<td></td>
<td>a. OSU</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b. UO (Incl. below)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c. UAMS-UOOS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Including $600,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>for fire protection</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>systems within</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>hospital units)</td>
<td>980,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>d. SCC</td>
<td>225,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e. OCE</td>
<td>240,000</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>UO Remodeling of Various Campus Buildings</td>
<td>1,940,000</td>
<td>4,035,000</td>
</tr>
<tr>
<td>3</td>
<td>OCE Classroom, Laboratory and Office Building (Fine Arts)</td>
<td>2,510,000</td>
<td>6,545,000</td>
</tr>
<tr>
<td>4</td>
<td>OSU Withycombe Hall and Farm Crops Building Remodel</td>
<td>2,950,000</td>
<td>3,495,000</td>
</tr>
<tr>
<td>5</td>
<td>PSU Utility Improvements (Completion of Cooling Loop)</td>
<td>230,000</td>
<td>8,775,000</td>
</tr>
<tr>
<td>6</td>
<td>UO Music Building Addition and Alterations</td>
<td>1,365,000</td>
<td>10,140,000</td>
</tr>
<tr>
<td>7</td>
<td>PSU &amp; Relocation of OEPBS and Instructional OEPBS Television within Shattuck Hall</td>
<td>1,515,000</td>
<td>10,655,000</td>
</tr>
<tr>
<td>8</td>
<td>OSU Marine Science Library and Laboratory Building Addition, Yaquina Bay</td>
<td>690,000</td>
<td>11,345,000</td>
</tr>
<tr>
<td>9</td>
<td>SCC Improvements to Various Buildings, Including Provisions for Physically Handicapped</td>
<td>160,000</td>
<td>11,505,000</td>
</tr>
<tr>
<td>10</td>
<td>UONS Mackenzie Hall Alterations for Physiology Department Offices</td>
<td>140,000</td>
<td>11,645,000</td>
</tr>
</tbody>
</table>
Committee Discussion and Recommendation

Mr. Mosser questioned whether it was advisable to submit capital construction requests of $11,645,000 to the 1974 special session of the Legislature. He said it seemed probable that the legislature would be considering requests primarily with respect to the allocation of funds for the Boyce Thompson Institute which were not required for that purpose.

Mr. Hunderup said there was no assurance that the amount appropriated for the relocation of the Boyce Thompson Institute would again be made available to the Board of Higher Education. He said at the time of the Ways and Means Committee discussion of the capital construction program, it was indicated there would be an opportunity to present other capital construction requests to the special session. Mr. Hunderup said the proposed list was the minimum number of projects consistent with the presentations made to the regular legislative session plus the obligations imposed by SB 44 with respect to safety conditions.

There was extensive discussion of the Classroom, Laboratory and Office Building (Fine Arts) at Oregon College of Education. It was indicated that this project would provide an auditorium for Oregon College of Education. The largest space available on that campus will accommodate 200 persons. The justification for including this urgently-needed new project on the list with the rehabilitation projects is a result of the availability of the funds appropriated for the Boyce Thompson Institute.

The Committee then considered whether to submit the entire list of projects as recommended. The Building Committee recommended that the Board approve the submission of the recommended priority list of capital construction requests through priority No. 5. It was understood that a different title would be assigned to the project at Oregon College of Education so that it would more accurately reflect the exact purpose of the structure. (In its presentation of capital construction priorities to the Executive Department for the 1974 Special Legislative Session, the Oregon College of Education project is titled "Auditorium and Related Fine Arts Facilities."

Board Discussion and Action

President Layman indicated that Representative Robert Marx and Mr. Steve Lamp, Student Body Vice President at Oregon College of Education, were present. Mr. Marx and Mr. Lamp emphasized the critical need for the Classroom Laboratory and Office Building (Fine Arts) at Oregon College of Education.

In response to a question, Mr. Hunderup said there were no projects for Portland State University and Eastern Oregon State College to correct unsafe conditions because a majority of the facilities at Portland State University were of comparatively recent origin. At Eastern Oregon State College, improvements have been made recently to correct conditions which were unsafe.

A motion by Mr. Stewart to submit the entire list of ten projects to the special session instead of projects one through five as recommended by the Committee was defeated.

The Board then approved a motion to submit projects one through five of the priority list to the special legislative session. Mrs. Johnson explained her negative vote by saying that she believed the Board should submit to the special session only those projects which are absolutely necessary to correct unsafe conditions. She said additional projects should be reserved until the next regular session of the legislature with a better chance that they may be approved because certain votes in the spring may help determine the amount of money that will be available.
### Educational and General Plant - State Funds

<table>
<thead>
<tr>
<th>Priority Number</th>
<th>Institution</th>
<th>Project Description</th>
<th>Funds Requested</th>
<th>Governor's Recommendations</th>
<th>Legislative Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OSU</td>
<td>Education Office Building, Salem</td>
<td>$2,600</td>
<td>$2,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>2</td>
<td>UO</td>
<td>Classroom, Laboratory and Office Facilities and Water Chiller</td>
<td>1,715</td>
<td>1,715</td>
<td>1,715</td>
</tr>
<tr>
<td>3</td>
<td>UO</td>
<td>Strauss Hall Remodel for Academic Use</td>
<td>216</td>
<td>216</td>
<td>216</td>
</tr>
<tr>
<td>4</td>
<td>OSU</td>
<td>Animal Care Facilities</td>
<td>415</td>
<td>415</td>
<td>415</td>
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<tr>
<td>5</td>
<td>OSU</td>
<td>Downtown Hall Remodel</td>
<td>225</td>
<td>225</td>
<td>225</td>
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<tr>
<td>6</td>
<td>OSU</td>
<td>Utility Improvements</td>
<td>615*</td>
<td>615*</td>
<td>615*</td>
</tr>
<tr>
<td>7</td>
<td>OSU</td>
<td>Clinic Equipment Replacement and Related Alterations</td>
<td>1,405*</td>
<td>1,405*</td>
<td>1,405*</td>
</tr>
<tr>
<td>8</td>
<td>OSU</td>
<td>Classroom, Laboratory and Office Building (Fine Arts)</td>
<td>1,285</td>
<td>1,285</td>
<td>1,285</td>
</tr>
<tr>
<td>9</td>
<td>UO</td>
<td>Various Remodeling Projects</td>
<td>1,145</td>
<td>1,145</td>
<td>1,145</td>
</tr>
<tr>
<td>10</td>
<td>UO</td>
<td>Various Land Purchases</td>
<td>250</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td>11</td>
<td>UO</td>
<td>Marine Biology Station Alterations, Charleston</td>
<td>60</td>
<td>60</td>
<td>60</td>
</tr>
<tr>
<td>12</td>
<td>UO</td>
<td>Music Building Addition and Alterations</td>
<td>1,125</td>
<td>1,125</td>
<td>1,125</td>
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<tr>
<td>13</td>
<td>UO</td>
<td>Office and Classroom Facilities Acquisition and Rehabilitation, including Land</td>
<td>1,405</td>
<td>1,405</td>
<td>1,405</td>
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<tr>
<td>14</td>
<td>SOC</td>
<td>Churchill Hall Remodel</td>
<td>750</td>
<td>750</td>
<td>750</td>
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<tr>
<td>15</td>
<td>UO</td>
<td>Dental School Buildings Remodel</td>
<td>250</td>
<td>250</td>
<td>250</td>
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<tr>
<td>16</td>
<td>UO</td>
<td>Television Improvements</td>
<td>1,145</td>
<td>1,145</td>
<td>1,145</td>
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<tr>
<td>17</td>
<td>UO</td>
<td>Marine Science Library and Laboratory Building</td>
<td>1,715</td>
<td>1,715</td>
<td>1,715</td>
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<tr>
<td>18</td>
<td>UO</td>
<td>Various Alterations</td>
<td>250</td>
<td>250</td>
<td>250</td>
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<tr>
<td>19</td>
<td>UO</td>
<td>Teaching Hospital Fire Sprinkling System</td>
<td>450</td>
<td>450</td>
<td>450</td>
</tr>
<tr>
<td>20</td>
<td>UO</td>
<td>University Tuberculosis Hospital Fire Sprinkling System</td>
<td>315</td>
<td>315</td>
<td>315</td>
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<tr>
<td>**</td>
<td>OSU</td>
<td>Total Subtotals</td>
<td>$20,590</td>
<td>$20,590</td>
<td>$20,590</td>
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<tr>
<td>**</td>
<td>OSU</td>
<td>Boyce Thompson Institute for Plant Research (including preliminary planning of $70,000)</td>
<td>6,820</td>
<td>6,820</td>
<td>6,820</td>
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<tr>
<td>**</td>
<td>OSU</td>
<td>Total Subtotals</td>
<td>$27,410</td>
<td>$27,410</td>
<td>$27,410</td>
</tr>
</tbody>
</table>

### Educational and General Plant - Gifts, Grants, Etc.

<table>
<thead>
<tr>
<th>Priority Number</th>
<th>Institution</th>
<th>Project Description</th>
<th>Funds Requested</th>
<th>Governor's Recommendations</th>
<th>Legislative Authorization</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>UO</td>
<td>Dental School Buildings Remodel</td>
<td>600</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>15</td>
<td>UO</td>
<td>Television Improvements</td>
<td>600</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>18</td>
<td>UO</td>
<td>Cancer Center Facilities and Related Alterations</td>
<td>815</td>
<td>815</td>
<td>815</td>
</tr>
<tr>
<td>19</td>
<td>UO</td>
<td>Ophthalmology Clinic Expansion</td>
<td>315</td>
<td>315</td>
<td>315</td>
</tr>
<tr>
<td>**</td>
<td>OSU</td>
<td>Total Subtotals</td>
<td>$2,330</td>
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<td>**</td>
<td>OSU</td>
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### Auxiliary Enterprises

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### Grand Totals

- **Partial cost; portions financed within the Educational and General Plant and from Auxiliary Enterprises.

- **Items deleted subsequent to preparation of Governor's budget recommendations on December 1, 1973.

- **Legislative authorization for facilities for the Boyce Thompson Institute for Plant Research is provided within House Bill 3262; all other capital outlay items noted above are provided within House Bill 5097.

*Board Discussion and Action*

The Board accepted the report as presented.
In response to the Board's request for an annual report of single and married student housing, a study has been prepared for the Fall Term 1973. Data on residence hall capacities and occupancies were obtained from all nine institutions. However, data on family housing were obtained only from Eastern Oregon State College, Oregon State University, Southern Oregon College, and the University of Oregon inasmuch as units of married student housing are not owned and operated now by the other institutions within the State System of Higher Education. (The last units of the former Veterans' Village at Oregon College of Education were razed earlier this year.)

Although the arrangement of the report has been modified slightly from the Fall Term 1972 report, the data and tables are similar, identifying (a) where students live, (b) residence hall capacities and occupancies, (c) capacities of housing for single students, (d) total married student enrollments, (e) the academic classification of occupants of institutionally owned family dwelling units, (f) typical rental rates for family dwelling units at each of the four institutions and (g) comments on the age, condition and assignment policies for family dwelling units.

Some of the main features of the Fall Term 1973 report may be summarized as follows (The Tables refer to background material available in the Building Committee agenda for December 18, 1973, and included as Supplement B to these minutes.)

Where Students Live

1. The nine institutions provided housing accommodations for 10,520 students, or 18.4 percent of the total headcount enrollment of 57,080 students. This 18.4 percent figure was comprised of 15.5 percent within single student housing and 2.9 percent in other housing, principally married student apartments. (See Table I.)

2. Fraternities and sororities housed 2,897 students, or 5.1 percent of the total headcount enrollment. (See Table I.) This represented a decrease of 84 students from the data reported last year.

3. Privately owned residence halls for single students provided housing for 840 students, or 1.5 percent of the total enrollment, as compared with 893 students, or 1.6 percent of the enrollment in Fall Term 1972. (See Table I.)

4. Of the total headcount enrollment of 57,080 students in Fall Term 1973, 42,070 students (73.7 percent) were living in private homes, apartments, etc. (See Table I.) In the report for Fall Term 1972, the comparable figures were 41,007 and 72.8 percent.

Residence Halls

5. For the State System as a whole, the occupancies of all residence halls averaged about 76.8 percent of the rated capacities. (See Table II.) This compares with an occupancy rate of 79.5 percent for the Fall Term 1972. Based upon "marketable capacities," however, the average occupancy factor was 88.4 percent in the Fall Term 1973.

Housing Capacity

6. Institutionally owned housing facilities could accommodate a total of 13,050 students at the seven institutions (excluding UOES and UOS). This total includes a capacity of 11,993 spaces for single students plus a total of 1,057 family dwelling units. (See Table III.)

Married Student Housing

7. At the four institutions which provided some units of family housing, approximately 23.4 percent of the male students were married, ranging from a low of 21.3 percent at Oregon State University to a high of 28.3 percent at Eastern Oregon State.
College. Approximately 16.7 percent of the female students enrolled at these institutions were married, ranging from a low of 12.6 percent at Oregon State University to a high of 27.2 percent at Southern Oregon College. For the total enrollment at these four schools, 20.7 percent of the students were married, ranging from a low of 18.1 percent at Oregon State University to a high of 26.0 percent at Eastern Oregon State College. (See Table IV.)

8. Of the 820 family dwelling units constructed or acquired specifically to accommodate married students, 188 were occupied by graduate assistants and research fellows and 321 were occupied by other graduate students. Thus, approximately 62.1 percent of all of these units were assigned to graduate students. (See Table V.)

9. Of the 237 miscellaneous family housing rental units available during Fall Term 1973, 173 were rented to students. Of these, 97 units were occupied by graduate students, including 38 who were classified as graduate assistants or research fellows. (See Table VI.)

10. For the four institutions, the percentage of married male and female students was highest among special students followed by graduate students, including graduate assistants, research assistants, etc., and decreased with each lower academic year to the freshman level. (See Table VII.)

11. The overall percentage of married students living in institutionally owned housing at the four institutions was 12.3 percent (955 out of a total of 7,733). On an institutional basis, this percentage varied from a low of 5.1 percent at Oregon State University to a high of 20.2 percent at the University of Oregon. (See Table VII.)

12. At the four institutions, the number of married male students increased by 79 (5,245 in 1973 from 5,166 in 1972); however, the percentage of male students married remained stable. (See Table VIII.)

13. Of the grand total of 1,057 family dwelling units at these four institutions, only 518 (49.0 percent) have been completed within the last thirteen years and are classified as permanent housing. At Oregon State University, 94 apartments in Orchard Court were completed for initial occupancy during Fall Terms 1961 and 1963. At the University of Oregon, 408 apartments were completed in Westmoreland Village for initial occupancy during Fall Terms 1960 and 1964. At Eastern Oregon State College, 16 apartments were completed by Fall Term 1962. The remainder of family dwelling units available consisted primarily of temporary war surplus buildings obtained from the federal government and residences of varying ages and conditions within the campus boundaries of the institutions. (See Table IX.)

14. In accordance with the policies adopted by the Board on February 18, 1969, it is expected that the rates of charge for student housing shall be such that the income will be sufficient to make each of the three categories of housing -- married student, regular residence halls and cooperative living units -- self-supporting and self-liquidating. Inasmuch as the circumstances and conditions at each institution are unique, the Board adopted a staff recommendation on March 27, 1973, to delegate to the institutions the rental rate determination for family dwelling units, subject to approval by the Chancellor and with the understanding that the rate structure would be consistent with policies adopted by the Board to assure fiscal adequacy and propriety.

Because of the variety of facilities available for miscellaneous housing, rental rates differ markedly. (See Tables IV and IX.)

Staff Recommendation to the Committee

It was recommended that the Report on Student Housing for the Fall Term 1973 be accepted.
Committee Discussion and Recommendation

Mr. Mosser said he was concerned that the requests to the special session of the legislature did not include funds for remodeling projects to increase the marketability of the dormitories or prevent deterioration. Mr. Hunderup indicated that some of the projects to improve the dormitories did not require legislative approval.

The Building Committee recommended that the Board accept the report as presented.

Board Discussion and Action

The Board accepted the report as presented.

President Layman said that Mr. George Rives and Mrs. Phyllis Wiener were present to submit a report from the Advisory Committee on Educational and Public Broadcasting.

Mr. Rives described the establishment, organization and development of the advisory committee. He said he would submit copies of the agenda and minutes of the meetings held by the committee as the primary report of its work. Mr. Rives said a subcommittee had been established to consider the function and goals of the advisory committee. Mr. Rives requested Mrs. Wiener, chairman of the subcommittee, to report the recommendations of the subcommittee.

Mrs. Wiener said the subcommittee had agreed on the following recommendations:

1. The advisory committee was too large and should be reconstituted with approximately ten or eleven members to be appointed by the State Board of Higher Education.

2. The Director of OEPBS or other staff personnel should not be members of the committee.

3. There should be no ex officio members from professional staff, OEPBS, or the Board of Higher Education. Such individuals would appear as consultants upon invitation from the committee.

4. The committee is an advisory committee to the Board of Higher Education rather than to OEPBS.

5. There would be higher interest among the committee members if there were some function with OEPBS in relation to programming.

6. The advisory committee should have some authority to delve into some of the aspects of programming, financing, and the coordination of cable television in higher education.

7. The Board should provide travel expenses for members of the committee who must travel to the metropolitan area from other parts of the state.

8. It is important to have members on the committee from outside the metropolitan area.

9. The committee should have a broad perspective and no vested interests.

10. The terms of the committee members should be for one, two, and three years; they should be staggered; and no member should serve more than two terms.

11. The advisory committee should be composed primarily of lay members and not representatives of specific organizations.

12. The members should be persons of stature with objective viewpoints.

Based on the report of the subcommittee, it was the consensus that the advisory committee should be restructured. The report was referred to the Board's Committee on Public Service Activities for further consideration.
The staff report to the Finance Committee on December 18, 1973, reflected 17 issues for review and discussion to provide guidance in the 1974-75 annual budget preparation. The staff recommendations were accepted with the exception of enrollment levels proposed for the University of Oregon, nursing degree program staff at Southern Oregon College, and tuition income necessary to provide Board's Reserves and transition staff funds for the fiscal year. The changes recommended by the Finance Committee affect the allocation as follows:

University of Oregon Enrollments

To conform to an enrollment limit of 15,000 fall FTE students, adjusted from a proposed authorization for 15,250 fall FTE, the University of Oregon allocation is reduced by $268,704. That amount has been transferred to Board reserves, to become available for emergencies and transition staff requirements for 1974-75.

Southern Oregon College Nursing Staff

The staff recommendation included two academic faculty positions for a baccalaureate degree nursing program at Southern Oregon College. Funds for the two positions, totaling $32,112, have been transferred to the Board's Reserves to become available for emergencies and transition staff requirements. Two positions remain in the Southern Oregon College allocation to fund associate degree nursing faculty positions. These positions were eliminated from the base in the budget approved by the Governor but are proposed for reinstatement in response to a budget note by the Ways and Means Committee to provide adequate nursing instruction staff at Southern Oregon College.

Tuition Income for Emergencies

The December 18, staff recommendation provided for a budget of $111,174,509 for Education and General Services, $484,416 below the amount authorized for expenditures during 1974-75 in the biennial expenditure limitation set by the 1973 Legislature. The Finance Committee proposed that tuition rates be established to generate funds through which the full expenditures authorized by the Legislature are budgeted, to deal with staffing problems at institutions with reduced enrollments and to establish a Board's Emergency Reserve. The amount of $484,416 has been added to amounts budgeted in the Board's Reserve for these purposes. The fiscal year budget under the revised plan for Education and General Services totals $111,658,925.

The revised recommendation, before allocation of amounts for transition staff, is displayed on the exhibit included with this agenda item. Amounts reflected in the Board's Funds column include the following:

| Pay adjustments (to be allocated) | $ 5,023,018 |
| Rehabilitation Projects | 150,000 |
| Emergency Reserves: |
| General Fund Appropriation for transition staff | $ 379,833 |
| Other Funds available for transition staff and emergency reserves | 1,569,920 |
| Total, Board's Funds | $ 7,122,371 |

It is expected that reports from Portland State University, Oregon College of Education, Southern Oregon College and Oregon Institute of Technology will be available for the January 21 meeting, to determine transition staff needs at the respective institutions. It is proposed that the amounts for transition staff be distributed to the institutions and that the remainder be retained as a Board's Emergency Reserve for 1974-75.
Staff Recommendation

It was proposed that the Finance Committee recommend to the Board the budget allocations described above, and that transition staff funds be allocated, as appropriate, to Portland State University, Oregon College of Education, Southern Oregon College and Oregon Institute of Technology from Board's Reserves, with the remainder of the reserve to be retained for emergency needs during 1974-75.

Further Committee Discussion and Recommendation (January 21, 1974; present--Mosser, McIntyre, Snider, Westerdahl, Johnson)

Mr. Mosser said it was his understanding that President Clark had withdrawn the request of the University of Oregon to exceed the enrollment ceiling for the next fiscal year, with the understanding that the University of Oregon would be permitted to enroll in excess of 15,000 and reserve the tuition increment for any students so enrolled.

It was understood that the enrollment ceiling would be reviewed during the preparation of the 1975-1977 biennial budget. The Committee also suggested the Board request any reports it wished to receive incident to the two-year review of the original enrollment ceilings established for the institutions.

With respect to the baccalaureate degree program in nursing at Southern Oregon College, it was indicated the request had been referred to the Board without a recommendation. If the program were approved, an additional $65,000 would be required in the 1975-1977 biennial budget.

Mrs. Johnson asked for clarification of the proposed action pertaining to nursing faculty at Southern Oregon College. It was indicated that four nursing positions had been included in the recommendation presented to the Finance Committee on December 18, two for the baccalaureate program and two for the associate degree program. The two positions for the baccalaureate program were deleted by the Committee and the funds designated for the positions were transferred to the Board's reserves. The associate degree positions were retained in the budget in response to the Budget Notes of the Ways and Means Committee which directed that appropriate staff be provided for the nursing degree program at Southern Oregon College.

Mrs. Johnson said that in her opinion the nursing program meant the associate degree program and that it would be in danger of losing staff.

Mr. Mosser said it would be necessary for the Board to decide whether the associate degree program or the baccalaureate program would be funded. He also said if the baccalaureate degree program were approved, the funds required for the two positions would come from the limited Board's reserves.

The Finance Committee recommended that the Board approve the recommendations as presented.

Board Discussion and Action

The Board approved the budget allocations as presented and authorized the Vice Chancellor for Administration to allocate from the Board's reserves for transitions to the Institutions, with a report to be made to the February meeting of the Finance Committee.
## EDUCATION AND GENERAL SERVICES

**Budget Allocation Proposal for 1974-75**

*Including Adjustments Recommended by the Finance Committee on December 13, 1973*

### Initial Budget, 1974-75

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### Notes
- Total receipts do not add up due to rounding.
- Adjustments recommended by the Finance Committee on December 13, 1973.
For two decades the Department of Higher Education has compared the faculty salaries of the University of Oregon and Oregon State University with those of 19 comparable institutions. Similar information has been assembled in more recent years for 20 state "colleges." The lists are:

**State Universities**
- University of California
- University of Colorado
- University of Idaho
- University of Illinois
- Iowa State University
- University of Iowa
- University of Indiana
- Michigan State University
- University of Michigan
- University of Minnesota
- University of Montana
- University of North Carolina
- Ohio State University
- Purdue University
- University of Texas
- University of Utah
- Washington State University
- University of Washington
- University of Wisconsin

**State Colleges**
- California State University, Sacramento
- California State University, Chico
- Central Connecticut State College
- Idaho State University
- Illinois State University
- Western Illinois University
- University of Northern Iowa
- Ball State (Indiana) University
- Indiana State University
- Kansas State College of Pittsburg
- Kansas State College of Emporia
- Fort Hays (Kansas) State College
- Central Michigan University
- Mankato (Minnesota) State College
- Winona (Minnesota) State College
- Eastern Montana College
- Appalachian State University (N. Carolina)
- Bowling Green (Ohio) State University
- Central Washington State College
- Western Washington State College

The salary comparisons have been carefully made and are believed to be substantially valid in measuring what they purport to measure. However, the comparisons have been limited to four academic ranks (not including graduate assistants) and to salaries only. Further, the lists are not designed to treat the distinctions of function among the universities. Although such comparisons can never be precise, it is suggested that a more comprehensive comparison with a somewhat shorter and more structured list would be in order. The following list has been the subject of consultation with the institutions and is believed to be reasonably representative:

**State Universities**
- University of Colorado
- University of Indiana
- University of Iowa
- University of North Carolina
- University of Washington

**Urban Universities**
- University of California at Davis
- Colorado State University
- Iowa State University
- Purdue University
- Washington State University

**Land Grant Universities**
- California State University, Sacramento
- Colorado State University
- Idaho State University
- Illinois State University
- Indiana-Purdue University (Indiana)
- Iowa State University
- Michigan State University
- Minnesota State University
- Missouri State University
- Montana State University
- Nebraska State University
- North Dakota State University
- Ohio State University
- Oregon State University
- Pennsylvania State University
- South Dakota State University
- Washington State University

**State Colleges**
- Humboldt State University, California
- Western Colorado State College
- Kansas State College of Pittsburg
- Bemidji (Minnesota) State College
- Central Washington State College
- Western Washington State College
In preparing for the 1974-75 and 1975-1977 budgets, it is proposed to continue collection of data from the institutions on the traditional lists, supplemented by comparisons against the national norms revealed by the AAUP salary survey. In addition, the institutions on the structured list will be asked for the following data:

1. Enrollment
   a. Headcount (resident; nonresident)
   b. FTE (by level of student)

2. Faculty data (by rank and term of service) (includes graduate assistants)
   a. Headcount
   b. FTE
   c. Tenure status
   d. Salary
   e. Fringe benefits

3. Education and General expenditures (excluding physical plant costs)

4. Tuition and fee schedules and collections

The Medical and Dental Schools and Oregon Institute of Technology have been requested to establish similar lists and provide corresponding data comparisons.

**Staff Recommendation**

It was recommended that the Finance Committee provide the staff with such counsel with respect to the proposed action as it may deem appropriate.

**Committee Discussion and Recommendation**

Mr. Holmer indicated that in response to a suggestion from Portland State University, it perhaps would be more appropriate to include in the urban institutions one such as the University of Nebraska at Omaha or the University of Wisconsin at Milwaukee in lieu of Boise State University.

Dr. Whitney Bates, Professor of History at Portland State University, said there were difficulties in determining what constitutes an urban university. He said he would regret to see a change in Board policy, either directly or indirectly, which would result in damage to the morale of the faculty at Portland State University. This might occur with a change in the comparison list of institutions if the list is not chosen carefully.

The Finance Committee deferred consideration of the staff recommendation until the special Finance Committee meeting.

**Further Committee Discussion (Considered by Finance Committee, January 21, 1974; present--Mosser, Layman, Westerdahl, McIntyre, Johnson, Snider.)**

The Committee deferred further consideration pending additional staff study of the list and with the direction that the staff consider the desirability of a separate comparison of the law school with other law schools. Any pertinent data which may be obtained is to be included in subsequent reports.

**Board Discussion and Action**

The Board accepted the report as presented.
Meeting #414-64

(Considered by Finance Committee, December 18, 1973; present--Mossel, Johnson.)

Staff Report to the Committee

Functional limitations were established by the 1973 Legislature for the seven institutions (colleges, universities, Oregon Institute of Technology) on the Education and General Services Program. The Ways and Means Budget Report indicates the intent that, insofar as possible, the budget amounts be expended in accord with the limitations. It provided, however, that necessary transfers between functions should have Board of Higher Education approval prior to being reported to the appropriate legislative body. Reports are to be submitted in the fall and spring of each school year.

Functional limitations were established on the biennial total for seven institutions. To maintain surveillance of changes recommended for Board approval, the biennial composite was reduced to fiscal year components for each institution. The initial budget plan for 1973-74 reflected the proposed variance from the legislatively authorized plan and was approved by the Board on August 27, 1973. Further changes which have occurred since that date are summarized on the attached exhibit.

Amounts reported do not yet include the adjustments for enrollment revisions approved by the Board on November 26, 1973. Those changes will be included in the recommendation to be presented in the spring of 1974. Changes which have occurred represent redistributions of budgeted resources, primarily to allocate budgeted reserves, adjust for staffing changes, and revise accounts for which cost changes have been identified. It is possible to analyze each budget and identify specific elements of change. Records reflecting each change are on file in the Board's Office.

Staff Recommendation

It was recommended that the Finance Committee recommend approval by the Board of the functional transfers summarized on the attached exhibit and authorize the Chancellor to report the changes to the State Emergency Board on January 18, 1974.

Change in Functional Distribution of Budgeted Expenditures
Universities, Colleges, and OIT (Seven Institutions)
1973-74

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<td>$60,079,315</td>
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Committee Discussion and Recommendation

The Finance Committee recommended that the Board approve the recommendation as presented.

Board Discussion and Action

The Board approved the recommendation as presented.

(Considered by Finance Committee, December 19, 1974; present--Mosser, Corey, Holmes, Johnson.)

Staff Report to the Committee

Planning has begun on the 1975-1977 Biennial Budget preparation to afford the maximum opportunity for policy guidance by the Board, institutional planning, and proposal preparation and subsequent review by the Board of institutional budget proposals. A tentative schedule designed to meet these needs and the September 1 statutory deadline for submission of the budget request is as follows:

Report to Finance Committee to review proposed schedules and guidelines
Board review of Finance Committee recommendations
Program Improvement requests developed by the institutions and divisions
Board review of budget planning guidelines and program improvement requests
Board review of cost-per-student program allocations (seven institutions) and institutional proposals for other programs
Institutional preparation of budget requests
Staff review, analysis, and consolidation of institutional requests
Board review of biennial request
Request submitted to Executive Department

December 18, 1975
January 22, 1974
Jan.-Feb., 1974
March 25, 1974
April 22, 1974
May-July 8, 1974
July 8-Aug. 10, 1974
August 20, 1974
September 1, 1974

As the result of legislative action taken on the 1973-1975 biennial requests, which moved from program review to a cost-of-instruction approach for the colleges, universities, and Oregon Institute of Technology, budget preparation can be considered under two classifications (1) Cost-of-instruction budgeting applicable to Education and General Services for seven institutions; (2) Program-oriented budgeting applicable to other institutions, divisions, and activities.

The Executive Department determines the format through which biennial requests are presented to the Legislature. Discussions are under way between the Executive Department and the Board's staff to determine the format and content of the budget requests most useful in the review process. To the degree possible, it is proposed that information reviewed by the Board, the Executive Department, and the Legislature be similar in format.

There are a number of issues to which the Board may wish to speak which will guide the staff and the institutions in preliminary budget planning. General issues which have system-wide implications have been identified. Those relative to the cost of instruction apply only to the seven institutions; others apply to program-oriented budgets.

Enrollment Projections

Enrollment projections become the basic factor in the calculation of budgetary requirements for the nine institutions. The cohort survival technique used to estimate enrollments provides a reasonable degree of accuracy but can be altered by a number of factors subject to Board determination:

1. Are the enrollment ceilings appropriate? Currently the University of Oregon is the only institution affected.

2. Should graduate student enrollments be limited?
Meeting #414-66

January 22, 1974

3. Should nonresident undergraduate enrollments be limited?

4. Should graduate student FTE be converted from 15 term hours to 12 term hours?

The Base Budget

The Base Budget concept is used (and required by the Executive Department) to determine the cost of continuing the existing level of service for existing numbers of students. When used in conjunction with workload increase and program improvement, it establishes the Budget Classifications through which a request is presented. It was proposed that the base budget be determined under the following guidelines:

Cost of Instruction Programs

1. Changes in Mix of Students

The 1974-75 cost of instruction set by the 1973 Legislature for the colleges and universities was based upon a cost level of $1,806 per FTE student which assumed a certain mix of students by institution and by student level (lower-division, upper-division, graduate). Changes in the mix and numbers of students projected for 1974-75 cause the per student budget amount to differ from the legislatively-approved amount. Revised estimates of enrollments which are below original expectations tend to increase the cost per student and thereby destroy the validity of the 1974-75 budget as a base for future requests.

Under these circumstances it appears appropriate to turn to the legislatively-approved level of funding for 1974-75 and build the request from that base. The base for the colleges and universities would thereby start from $1,806 per FTE student and be adjusted for the change in mix and distribution of student. It is also expected that further declines of enrollment at some of the institutions will require base reductions commensurate with the reduced number of students. Such reductions are proposed to be calculated on that portion of the base budget which is variable in relation to enrollment change. The budget adjustments for Oregon Institute of Technology are expected to parallel the process described here for the colleges and universities.

2. EOSC Base Support

Base support was provided to Eastern Oregon State College as a program improvement, to replace funds which were eliminated from the 1973-1975 base to adapt to expected enrollment declines. It is assumed that continued assistance for Eastern Oregon State College is needed but that the amount is dependent upon the number of students below 1973-74 initial enrollment estimates.

It is proposed that Eastern Oregon State College base support be eliminated from cost-per-student calculations and submitted to the 1975 Legislature as a program improvement in the amount necessary to preserve existing program levels.

3. Non-recurring Elements

Transition balances provided to assist with staffing problems at institutions with declining enrollments, nonrecurring equipment allocations and other such nonrecurring items provided during 1974-75 are to be eliminated from the budget base. These adjustments will reduce funding levels to that portion intended for continuation of base support.

4. Inflation Allowances

The need for adequate inflation allowances for services and supplies and capital outlay becomes more and more apparent as price increases reduce the capacity to maintain program support. Dependent upon guidelines established by the Executive Department, inflation allowances are proposed as an adjustment to the base budget.
5. Physical Plant Operating Costs

New building operation and maintenance costs will affect the per-student expenditure for 1975-1977. Budget requests need to be developed as a net increase, to account for old structures being taken out of service which offset the added cost as new buildings come on line. Operating expenses are expected to be calculated on a square-footage basis and converted to a per-student cost of instruction.

6. Staff Pay Increases

Staff pay increases include academic staff salary adjustments, classified staff and irregular wage adjustments, and payroll assessments applicable to the increases.

Academic staff salary adjustments are proposed by the Department of Higher Education. Classified wage adjustments are negotiated by the Executive Department. Both adjustments affect the cost per student.

During 1973-1975 and prior biennia, pay adjustments were not included in agency budget requests submitted to the Governor. The Governor's recommendations were developed as a separate pay adjustment package. If the same procedures are used during 1975-1977, the Board's request will not reflect pay adjustments. It is proposed, however, that memorandum budget information be developed to reflect the impact of recommended academic salary adjustments on the cost of instruction. Similar information can be presented for classified staff, based on estimated increase rates, if a total cost of instruction is needed before Executive Department recommendations are available.

Program-Oriented Budgets

In approving the 1973-1975 biennial budgets for the Medical and Dental Schools, Centralized Activities and Statewide Public Service Divisions, the 1973 Legislature funded specific program levels. The 1974-75 annual budget recommendation is a derivative of that funding. It is thereby appropriate to use the 1974-75 budget plan as the base for biennial requests for each of these institutions and divisions. Adjustments to the base, to fund programs at a continuing level, will result from elimination of nonrecurring items funded for 1974-75 and additions for inflation.

Workload Increase

Cost-of-Instruction Programs

Workload increase becomes an element of the budget request for those institutions for which enrollment increases are projected. It is proposed that increases be based upon the variable portion of the per-student cost of instruction for the additional FTE enrollments.

Program-Oriented Budgets

Workload increases for these institutions and divisions normally relate to changes in volume of activity. It is proposed that the respective requests be based on increases necessitated by such change.

Program Improvements

Program improvement requests are intended to reflect additional services (which may include new programs) to serve unmet needs or to enhance the quality of the program. Historically, the requests have been developed late in the budget preparation cycle and reach the Board as part of a total biennial request. The process has involved a considerable effort on the part of the institutions and requests have tended to reach cost levels disproportionate to the resources which could be reasonably anticipated.
To improve this phase of the biennial budget development, it was proposed that the Board establish guidelines which will enable institutions to prepare improvement requests during January and February 1974, for review by the Board in March, prior to the preparation of detailed biennial budget. Advantages include development of the improvement requests during a less rigorous period in the budget preparation schedule and the capacity to prepare the budget within a framework already approved by the Board.

Guidance by the Finance Committee and the Board is needed in the following areas:

1. What dollar amount or program constraints are intended?
   There appears to be limited value (and a considerable expenditure of person hours) in the development of an extensive list of program needs for which funding is all too often unavailable. It may be appropriate for the Board to set limits, possibly as a percent of the current budget, within which institutions develop the highest priority requests.

2. Are there specific innovative programs or activities for which the Board intends that requests be developed?

3. Should a distinction be made between requests supported by general fund appropriation or other fund resources?

After guidelines are recommended by the Finance Committee, it is proposed that institutions be advised to prepare requests for submission to the Board in March 1974. Should the full Board modify the Finance Committee recommendation at the January 1974 meeting, institutions can be notified and the requests modified accordingly.

Summary

Cost of Instruction Programs

It was proposed that the Board's staff develop the base budget and workload increase plans during January and February 1974, which are applicable to the colleges, universities and Oregon Institute of Technology. Concurrently, the institutions are to prepare program improvement requests. Board review of the proposals is planned for March 25, 1974.

Based upon Board direction in March, a summary of the requests can be prepared for April 22, at which time the Board would accept or modify the request levels to be presented to the Governor. Institutions would then prepare budget plans which distribute the predetermined dollar totals to the respective functions and categories. Final Board review of the biennial plan would occur on August 20, 1974, just prior to the September 1 submission to the Executive Department.

Program-Oriented Budgets

Each institution and division will prepare the base, workload, and improvement requests under the guidelines provided by the Board. Improvement requests are to be submitted for Board approval on March 25, 1974. Summary information to reflect base, workload, and improvement proposals are to be presented for Board approval on April 22, 1974. From that point, the preparation parallels that described for the cost of instruction.

Staff Recommendation

It was proposed that the Finance Committee recommend approval by the Board of the 1975-1977 Biennial Budget schedule and guidelines described in the staff report.
Committee Discussion and Recommendation

During the Committee discussion, it was indicated that each institution should limit its requests for program improvements to a very limited number of projects. It was also stated that compensation and fringe benefits will be one of the major increases in the budget. It is anticipated that funds available for program improvement will be in the range of $5 million to $10 million for the State System.

Mr. Mosser said the Committee and the Board are seeking a few programs that are really meritorious that constitute a major improvement for the State System.

With this explanation of the program improvement requests, the Finance Committee deferred further consideration of the guidelines until the special Finance Committee meeting on January 21.

Further Committee Discussion and Recommendation (January 21, 1974; present--Mosser, Layman, Westordahl, McIniry, Johnson, Snider.)

The Chancellor said the impact of the transition funds in the 1975-1977 biennium appears to be developing as a major problem which was not fully anticipated in planning for the current biennium. He said $1.5 million may be available in 1974-75 to enable institutions to avoid program disruptions and untimely notice to staff members. The Chancellor said the Board should consider requesting additional transition reserves from the legislature.

The Chancellor said there were three possible alternatives:

1. The legislature might indicate that transition funds had been made available and an extra year had been allotted to reach the approved faculty-student ratio. Therefore, no further assistance can be provided.

2. Additional transition funds may be appropriated to enable further adjustments to lower staff levels through resignations or retirement rather than through termination of young nontenured people.

3. As a consequence of the changes in enrollment patterns, provision could be made in the base budget to assure a level of support which would not be constantly threatened.

Mr. Mosser said it would probably be necessary to seek a new reserve for the 1975-1977 biennium. The Chancellor said the institutions would be required to give terminal notice immediately to many of these staff members in order to reach the faculty level in 1975-76 which will be consistent with the estimated enrollment.

In addition to issuing the terminal notices, it must be assumed that they will be executed. The Chancellor said the Board may wish to take a more positive and aggressive position in terms of trying to get some of these positions funded within the next biennium budget.

Mr. Mosser said he would be willing to support the retention of staff who are critical to the functioning of a program, regardless of whether those positions would be supported by the current student-teacher ratio. He said he believed reasonable requests would be supported by the legislature if they can be defended on the basis of the curriculum or the institutional necessities rather than on the basis of preservation of faculty. It was also suggested that the possibility of using staff members in other positions or locations, or of retraining them, should be explored.

The Finance Committee recommended that the Board approve the guidelines and the calendar for the 1975-1977 biennial budget preparation as recommended.

It was understood that every effort would be made to assure adequate time for analysis of the requests by the Board.

Board Discussion and Action

The Board approved the recommendation as presented.
Staff Report to the Committee

The Executive Department has issued instructions to state agencies regarding budget requests to be presented to the 1974 Special Session of the Legislature. Requests are to be submitted to the Executive Department by January 10, 1974.

Three requests affecting operating budgets are required for the Department of Higher Education. All are associated with the single year funding authorized by the 1973 Legislature on the assumption that State Emergency Board or Special Session review would establish program and budget levels for 1974-75. The requests provide for the following activities:

- Tuberculosis Hospital, UWS
- Child Psychiatry Day Care Program, UWS
- Data Processing Network

Tuberculosis Hospital

The 1973 Legislature funded operation of the Tuberculosis Hospital for one year and indicated an intent to phase down operations and close the facility by June 30, 1974. The Ways and Means Subcommittee directed the Executive Department to explore alternative methods of providing care to patients still requiring hospitalization after that date.

The Medical School has provided a recommendation, outlined in a separate agenda item, to close the facility on January 1, 1974, and to care for the remaining patients in the Teaching Hospital North Unit through June 30, 1974. This action will not affect the budget proposal for 1974-75 other than to produce 1973-74 savings through which budget requirements for the Tuberculosis Hospital can be provided during 1974-75.

It is proposed that the 1974-75 budget request to be forwarded to the Special Session involve only physical plant costs to "mothball" this facility. The Medical School has estimated that these costs will approximate $33,300 annually.

Child Psychiatry Day Care Program

The 1973 Legislature transferred the Child Psychiatry Day Care Program from the Children's Services Division to the Medical School and provided a General Fund appropriation of $265,000 for 1973-74 operations. The Medical School and Children's Services Division were directed to review the program and recommend organizational placement, staffing levels and financing alternatives to the appropriate legislative body concerning operations during 1974-75.

The Medical School reports that studies have been carried out with the Children's Services Division. The Medical School recommends that the program be continued as a part of the Medical School budget. The review also indicates that the program should be continued at approximately the level approved for 1973-74. Adjustments for inflation and salary adjustments are expected to increase the costs in 1974-75 to approximately $265,000.

Data Processing Network

Planning funds for 1973-74 were provided by the 1973 Legislature to supplement Higher Education resources being applied to develop a proposal for a Data Processing Network. The Ways and Means Subcommittee directed that a six-year plan be submitted to the next legislative assembly.

The Data Processing proposal is presented to the Finance Committee as a separate agenda item. If the proposal is approved, the plan and the 1974-75 budget request are to be submitted to the 1974 Special Session.
Staff Recommendation

It was recommended that the Finance Committee authorize preparation of 1974-75 budget requests for the Tuberculosis Hospital, Child Psychiatry Day Care Program, and the Data Processing Network, to be submitted to the Executive Department by January 10, 1974, subject to approval by the Board in January 1974.

Committee Discussion and Recommendation

The Finance Committee recommended that the Board approve the recommendation as presented.

Board Discussion and Action

Mr. Holmcr said the only action required was the approval of the submission of the budget for the Child Psychiatric Day Care Program. A report was made of the closure of the Tuberculosis Hospital, effective January 1, 1974. The recommendation with respect to the Data Processing Network was included as a separate agenda item.

The Chancellor said the proposal submitted to the Emergency Board involved only a report that the Tuberculosis Hospital was being closed as of January 1, 1974, and a request for funds to support those patients which were transferred to University Hospital North during the remainder of the biennium. The Emergency Board acknowledged the transfer of the patients and gave assurance that when the analysis of the costs of supporting the patients for the remainder of the year was completed, the necessary funds would be provided.

The Chancellor said that the budget for University Hospital North is not adequate to operate at the authorized level of 186 beds for the remainder of the first year of the biennium and 150 beds during the second year of the biennium. Consequently, the Ways and Means Committee of the 1974 Special Legislative Session will be considering the entire need for University Hospital North, and if the committee concludes that the hospital should operate at the authorized level in each year of the biennium, it will be necessary to provide additional funds in an amount exceeding $1 million for the biennium.

In response to a question, the Chancellor stated the substantial lack of adequate funds was due to several factors. These included the lack of capacity to generate the amount of patient fee income built into the budget, inflationary costs, and limitations on price increases because of price controls.

The Board approved the submission of the budget for the Child Psychiatric Day Care Program and a request for such funds as may be available to operate the University Hospital North at its intended capacity for this biennium.

(Considered by Finance Committee, December 18, 1973; present--Mosser, Layman, Stewart, Corey, Johnson, Joss, Snider.)

Proposed Closure of Tuberculosis Hospital, UOMS

The 1975 Legislature approved a budget for operation of the University State Tuberculosis Hospital for the 1973-74 year only. The Ways and Means Subcommittee requested that a plan for future care of patients with tuberculosis be developed and brought back to either the 1974 Special Session of the Legislature or the Emergency Board prior to July 1, 1974, and at that time a decision would be made as to the program to be adopted for the future care of tuberculosis patients. When the Medical School submitted the budget for operation of the tuberculosis hospital for 1973-1975, the average daily census of patients in the hospital was approximately 35. The number had been relatively stable for a period of time and there was nothing to indicate any immediate marked change in the demand for hospital services, although it was expected that it would gradually decline. However, the average census has dropped precipitously during the last two months and is now only 15 to 16 patients. A hospital operation for this number of patients is not practical from either an economic or a medical standpoint. It is proposed that the Tuberculosis Hospital be closed on January 1, 1974, and that
the number of operating beds in University Hospital North (formerly Multnomah Hospital) be increased by 16 so that the patients in the Tuberculosis Hospital may be transferred to that hospital. A separate tuberculosis unit in the hospital need not be established since it is possible to distribute the tuberculosis patients to appropriate areas in accordance with their medical needs. The transfer would not be recommended unless the number of operating beds in University Hospital North can be increased because it would otherwise decrease the number of non-tuberculous patients below the present level. The current operating level is less than desirable from both the patient care and educational standpoints.

If, during the last six months of this fiscal year the number of patients needing hospitalization exceeds 16, the facilities can be provided for them from beds now operated. If at any time the full 16 beds are not needed for tuberculosis patients, they may be used for others needing hospital care. No recommendation is made for the care of tuberculosis patients after June 30, 1974, since this is a decision to be made by the Legislature or Emergency Board.

The Medical School reports the expenditure of $426,347 by December 31, 1973, from the fiscal year's appropriation of $955,921. Costs for maintenance of the Tuberculosis Hospital building from January 1 to June 30, 1974, are estimated at $16,651. Thus there remains an uncommitted balance of $512,923 available to fund patient care and other needs.

The proposal to transfer 16 tuberculosis patients will require $318,560, based on 80 percent of the current patient day cost in the teaching hospital. The reduced patient day rate results from the change in marginal costs for nonsurgical patients. Patient fee collections, based on 25 percent of the total cost will provide $79,640. The remainder of $238,920 would be required from State General Funds and could be provided from the savings generated by the early closure of the Tuberculosis Hospital.

In addition, costs have been identified in University Hospital North which were not accounted for in the transfer from Multnomah County to the State of Oregon. These costs, totaling $485,276 for the biennium, are identified on the attached exhibit. Although savings proposed in the Tuberculosis Hospital closure are not adequate to cover the deficiencies, it would be possible to alleviate the problem if the transfer is authorized. Net savings available to offset the deficiencies are $240,701. State Emergency Board approval is required.

The financial impact of the recommendations can be summarized as follows:

- **Tuberculosis Hospital Appropriation for 1973-74**: $955,921
- **Expended to December 31, 1973**: $426,347
- **Expenses for Tuberculosis Hospital Building, January through June 1974**: $16,651
- **Uncommitted Balance**: $512,923

Proposed reserve for expenses for Tuberculosis Hospital Building, 1974-75: $33,302

Proposed transfer for tuberculosis patients in the north unit of the Teaching Hospital Total recommended: $318,560

- **Provided from patient fees**: $79,640
- **General Fund transfer**: $238,920

Anticipated savings available for transfer to cover deficiencies in the north unit budget for 1973-1975: $240,701

Staff Recommendation:

It was recommended that the Finance Committee authorize a presentation to the State Emergency Board to request the following actions:

1. Approve closure of the Tuberculosis Hospital on January 1, 1974.
2. Reserve an amount of $35,504 for physical plant operating costs associated
with maintenance and safekeeping of the Tuberculosis Hospital building
during 1974-75.

3. Authorize the use of additional beds to care for 15 tuberculosis patients
in University Hospital North.

4. Transfer $238,920 of State General Funds from the Tuberculosis Hospital
to University Hospital North and authorize expenditure of $79,640 in
patient fees to cover the costs of tuberculosis patients in the north
unit during the period January 1 to June 30, 1974.

5. Transfer $240,701 of State General Funds from the Tuberculosis Hospital
appropriation to University Hospital North to cover a portion of the
deficiency in the north unit biennial appropriation.

Committee Discussion and Recommendation

The Finance Committee recommended that the Board approve the recommendations as
presented. It was understood that the proposed amount of the transfer to
University Hospital North would be reduced by the amount of $45,000. This
represents an accounting adjustment in terms of the budgets charged for operating
costs of Emma Jones Hall as the former Multnomah County Hospital.

Board Discussion and Action

The Board approved the recommendations as presented and confirmed the closure of
the Tuberculosis Hospital.

Funds for Personnel Affairs Activities

On November 26, 1973, the Board approved the position of Vice Chancellor for
Personnel Administration. Costs associated with the salary of the Vice Chancellor
and support of the activities of the office were not anticipated in the 1973-74
allocation to Centralized Activities. It is expected that a portion of the costs
can be borne by redistribution of expenditure budgets in Centralized Activities
but an amount sufficient to cover the total needs cannot be identified.

It is proposed that funds from the Board's Unallocated Reserve be applied to the
salary and payroll assessments costs of the Vice Chancellor's position and that
other costs be covered by reallocation of Centralized Activities resources. Costs
of the Vice Chancellor's salary include the full-time appointment from January
through June, 1974, and the part-time cost during June through December, 1973,
detached service from Portland State University.

Staff Recommendation

It was recommended that an allocation of $27,304 be made from the Board's Unallocated
Reserve to assist in covering costs of the Office of Personnel Administration and
that the remainder of the costs be covered by redistribution of budget allocations
within Centralized Activities.

Board Discussion and Action

The Board approved the recommendations as presented.

Gift of Television Mobile Unit

(Considered by Committee on Public Service Activities, December 18, 1973; present--
Holmes, Corey, Mosser, Johnson, Joss, Stewart, Westerdahl, Layman.)

Staff Report to the Committee

KGW-TV-AM, Portland, a Division of King Broadcasting Company, has contributed
to the Board of Higher Education a Television Mobile Unit for use by Oregon
Educational and Public Broadcasting Service. A listing of the equipment included
with the unit is contained in a letter of contribution from Mr. Forest Amsden,
General Manager of KGW-TV-AM and is on file in the Board's Office.
The Director, Dr. Donald Bryant, and the staff of OEPBS have stated that the Mobile Unit, valued originally at $98,250, will greatly broaden the scope of instructional and public service programming by significantly augmenting studio-classroom production facilities.

The Unit will be used for production at "the sources of programming." These will range widely throughout the state to include state and local government, schools, community colleges, universities, and numerous cultural and public interest activities. It will significantly enhance the unique capability of the OEPBS network to link people directly with events.

**Staff Recommendation**

The Director of OEPBS, with the concurrence of the Chancellor, requested that the contribution of a Television Mobile Unit from KGW-TV-AM, originally valued at $98,250, be recommended for Board acceptance by the Committee, and that an expression of appreciation be prepared and directed to Mr. Forrest Amsden, General Manager of KGW-TV-AM, by appropriate Board officers.

**Committee Discussion and Recommendation**

Mr. Holmes said the gift represented a necessary kind of cooperation between public and private television broadcasting. Following a personal presentation by Mr. Forest Amsden on behalf of KGW-TV-AM, the Committee on Public Service Activities recommended that the Board accept the contribution as recommended.

The Committee expressed its grateful appreciation.

**Board Discussion and Action**

The Board confirmed the action of the Committee in accepting the gift.

In order to finance educational and general capital outlays and land purchases, other than those which are self-liquidating and self-supporting, it will be necessary to sell State of Oregon, State Board of Higher Education Facilities Bonds, Series 1974 B, with a total par value of $4,350,000. Authorization for the sale was granted by Chapter 502, Oregon Laws 1973, and in conformity with Article XI-G of the Oregon Constitution.

It was recommended that the Board authorize the sale of said Series 1974 B bond issue by approving the following resolution by roll call vote.

**$4,350,000 STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1974 B**

RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION deems it necessary, pursuant to law, including Article XI-G of the Constitution of the State of Oregon, Chapter 502, Oregon Laws 1973, and applicable provisions of ORS Chapter 351, to sell general obligation STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1974 B, of the State of Oregon, in the principal amount of $4,350,000 to provide funds to plan, construct, alter, repair, furnish and equip educational buildings and facilities for higher education, to purchase and improve sites therefor, and for payment of costs incident to the sale and issuance of the bonds; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON that, with the approval of the State Treasurer of the State of Oregon, FOUR MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS ($4,350,000) par value of bonds
authorized by law, including Article XI-G of the Constitution of the State of Oregon, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351, be issued and sold; and

BE IT FURTHER RESOLVED that the said bonds totaling FOUR MILLION THREE HUNDRED FIFTY THOUSAND DOLARLS ($4,350,000) par value be issued and the proceeds from the sale of these STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1974 B, be used to plan, construct, alter, repair, furnish and equip educational buildings and facilities for higher education, to purchase and improve sites therefor, and for payment of costs incident to the sale and issuance of the bonds, as provided by law, including Article XI-G of the Constitution of the State of Oregon, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351; and

BE IT FURTHER RESOLVED that the principal of and the interest on all of the bonds issued pursuant to this resolution be paid on the due dates thereof at the Fiscal Agency of the State of Oregon, in the City and State of New York, and that the said bonds be designated STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1974 B, and be numbered consecutively; and

BE IT FURTHER RESOLVED that the said bonds be dated April 1, 1974, be issued in denominations of $5,000 each, and mature upon the dates and in the principal installments hereinafter in this resolution set forth, subject to redemption in regular numerical order at par value and accrued interest on any interest-paying date on and after April 1, 1989, from the moneys and revenues indicated by law, including Article XI-G of the Constitution of the State of Oregon, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351; and

BE IT FURTHER RESOLVED that the maturity dates and principal installments of said bonds be as follows:

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<tr>
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<td>$305,000</td>
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<tr>
<td>April 1, 2025</td>
<td>$310,000</td>
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</tbody>
</table>

BE IT FURTHER RESOLVED that the State Board of Higher Education furnish to the original purchaser of said bonds, without cost to him, the written opinion of accredited bond attorneys certifying to the validity and legality of the said bonds; and

BE IT FURTHER RESOLVED that the said bonds be the direct general obligations of the State of Oregon, and that, except as to the variations in the interest rates and maturities, they be of uniform tenor and be in substantially the following form, prepared by the Attorney General of the State of Oregon:
Number  $5,000
UNITED STATES OF AMERICA
STATE OF OREGON
STATE BOARD OF HIGHER EDUCATION
FACILITIES BOND
SERIES 1974 B
Number  $5,000

KNOW ALL MEN BY THESE PRESENTS, that the STATE OF OREGON acknowledges itself to owe and for value received hereby promises to pay to bearer the principal sum of $5,000 on the first day of April, 19__, with interest on said sum from the date hereof until paid, at the rate of ______% per annum, payable semiannually on the first day of April and the first day of October in each year, as evidenced by, and upon the presentation and surrender of, the interest coupons hereeto annexed as they severally become due. Both the principal of and the interest on this bond are payable at the Fiscal Agency of the State of Oregon, in the City and State of New York, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States of America.

The bonds of the issue of which this bond forms a part, maturing on and after April 1, 1990, may be redeemed at the option of the State of Oregon, on and after April 1, 1989, at par and accrued interest, on any interest-paying day or days in regular numerical order or in the entire amount of the issue outstanding at call date, upon notice given by the Treasurer of the State of Oregon at least thirty (30) days prior to the redemption date specified therein, by publication thereof in one issue of a newspaper or financial journal of general circulation printed and published within the City and State of New York, and one issue of a newspaper of general circulation printed and published within the City of Salem, Oregon. From the date of redemption designated in any such notice, interest on the bonds so called for redemption shall cease.

This bond is issued by the State of Oregon in conformance to its Constitution and under and by virtue of and in all respects in full and strict compliance with its laws, and in particular Article XI-G of the Oregon Constitution, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351, for the purpose of financing the cost to plan, construct, alter, repair, furnish and equip educational buildings and facilities for higher education, to purchase and improve sites therefor, and for payment of costs incident to the sale and issuance of the bonds.

The faith and credit of the State of Oregon hereby are irrevocably pledged to the punctual payment of the interest on and the principal of this bond as the same become due and payable respectively.

IN TESTIMONY WHEREOF, the STATE OF OREGON has caused this bond to be signed by the Governor and by the Secretary of State with their facsimile signatures, and by the State Treasurer, and sealed with the seal of the State of Oregon, and has caused the annexed interest coupons to be executed with the facsimile signatures of its said officers, all as of the first day of April, 1974.

Governor

(SEAL)

Secretary of State

State Treasurer
FORM OF COUPON

(For coupons maturing on October 1, 1974, up to
and including April 1, 1989)

No. On the first day of October, 1974, THE
STATE OF OREGON will pay the bearer

DOLLARS

at the Fiscal Agency of the State of Oregon, in the City
and State of New York, in any coin or currency which, at
the time of payment, is legal tender for the payment of
public and private debts within the United States of
America, for six months' interest then due on State of
Oregon, State Board of Higher Education Facilities Bond,

(State Treasurer) (Secretary of State) (Governor)

(For coupons maturing on and after October 1, 1989)

No. On the first day of October, 1989, unless
the bond hereinafter designated shall have been called
for previous redemption and due provision made for the
payment thereof, THE STATE OF OREGON will pay the bearer

DOLLARS

at the Fiscal Agency of the State of Oregon, in the City
and State of New York, in any coin or currency which, at
the time of payment, is legal tender for the payment of
public and private debts within the United States of
America, for six months' interest then due on State of
Oregon, State Board of Higher Education Facilities Bond,

(State Treasurer) (Secretary of State) (Governor)

The foregoing bond and coupon forms hereby are approved as to legal form
this day of , 1974.

LEE JOHNSON, Attorney General of
the State of Oregon

BE IT FURTHER RESOLVED that, as provided by ORS 351.430, the Secretary of
the Board be and he hereby is authorized to advertise the said STATE OF
OREGON, STATE BOARD OF HIGHER EDUCATION FACILITIES BONDS, SERIES 1974 B,
for public sale thereof on or about February 26, 1974, at a price of not
less than $99 for each $100 par value thereof, and the accrued interest
thereon, and the notice of sale to specify that the Board reserves the
right to reject any or all bids for the bonds; and

BE IT FURTHER RESOLVED that the Secretary and Vice Chancellor for Adminis-
tration of the State Board of Higher Education be authorized to effect the
necessary arrangements to deliver the bonds and to receive payment therefor.
Board Discussion and Action

Upon motion by Mr. Joss, the Board approved the recommendations as presented and duly adopted the above resolution as read, with the following voting in favor of adoption: Directors Corey, Johnson, Joss, Maden, McIntyre, Mosser, Snider, Westerdahl, and Layman.

Those voting no: None.

The President thereupon declared the resolution duly adopted by a unanimous vote of those present. Mr. Holmes and Mr. Stewart were absent at the time of the roll call vote.

$2,000,000 State of Oregon, State Board of Higher Education Building Bonds, Series 1974 C, with a total par value of $2,000,000. Authorization for the sale was granted by Chapter 592, Oregon Laws 1973, and in conformity with Article XI-F(1) of the Oregon Constitution.

It was recommended that the Board authorize the sale of said Series 1974 C bond issue by approving the following resolution by roll call vote:

$2,000,000 STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1974 C

RESOLUTION

WHEREAS, THE STATE BOARD OF HIGHER EDUCATION deems it necessary, pursuant to law, including Article XI-F(1) of the Constitution of the State of Oregon, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351, to sell general obligation STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1974 C, of the State of Oregon, in the principal amount of $2,000,000 to provide funds to plan, construct, alter, repair, furnish and equip buildings and other structures for higher education, to purchase and improve sites therefor, and for payment of costs incident to the sale and issuance of the bonds; and

WHEREAS, THE BOARD, as required by ORS 351.160, has determined conservatively that said buildings and other structures will be wholly self-liquidating and self-supporting from revenues to accrue from the operation thereof and from gifts, grants, or building fees, and from unobligated revenues of higher education buildings or projects of like character; and

WHEREAS, THE BOARD is authorized and directed by ORS 351.170 to establish such rates, charges, and fees for use of such buildings, structures or projects, including revenue-producing buildings and structures already constructed, as, in the judgment of the Board, shall provide the required revenues to make the new buildings, structures or projects self-liquidating and self-supporting, and as shall provide the funds with which to amortize the principal of and pay the interest on bonds issued to finance such buildings, structures or projects; now, therefore,

BE IT RESOLVED BY THE STATE BOARD OF HIGHER EDUCATION OF THE STATE OF OREGON that, with the approval of the State Treasurer of the State of Oregon, TWO MILLION DOLLARS ($2,000,000) par value of bonds authorized by law, including Article XI-F(1) of the Constitution of the State of Oregon, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351, be issued and sold; and

BE IT FURTHER RESOLVED that the said bonds totaling TW0 MILLION DOLLARS ($2,000,000) par value be issued and the proceeds from the sale of these STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1974 C, be used to plan, construct, alter, repair, furnish and equip buildings and other structures for higher education, to purchase and improve sites therefor, and for payment of costs incident to the sale and issuance of the bonds,
as provided by law, including Article XI-F(1) of the Constitution of the State of Oregon, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351; and

BE IT FURTHER RESOLVED that the principal of and the interest on all of the bonds issued pursuant to this resolution be paid on the due dates thereof at the Fiscal Agency of the State of Oregon, in the City and State of New York, and that the said bonds be designated STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1974 C, and be numbered consecutively; and

BE IT FURTHER RESOLVED that the said bonds be dated April 1, 1974, be issued in denominations of $5,000 each, and mature upon the dates and in the principal installments hereinafter in this resolution set forth, subject to redemption in regular numerical order at par value and accrued interest on any interest-paying date on and after April 1, 1989, from the moneys and revenues indicated by law, including Article XI-F(1) of the Constitution of the State of Oregon, Chapter 592, Oregon Laws 1973, and applicable provisions of ORS Chapter 351; or through refunding; and

BE IT FURTHER RESOLVED that the maturity dates and principal installments of said bonds be as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 1977</td>
<td>$30,000</td>
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<tr>
<td>April 1, 1978</td>
<td>$30,000</td>
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<td>April 1, 2003</td>
<td>$125,000</td>
</tr>
<tr>
<td>April 1, 2004</td>
<td>$130,000</td>
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</tbody>
</table>

BE IT FURTHER RESOLVED that the State Board of Higher Education furnish to the original purchaser of said bonds, without cost to him, the written opinion of accredited bond attorneys certifying to the validity and legality of the said bonds; and

BE IT FURTHER RESOLVED that the said bonds be the direct general obligations of the State of Oregon, and that, except as to the variations in the interest rates and maturities, they be of uniform tenor and be in substantially the following form, prepared by the Attorney General of the State of Oregon:

```
Number $5,000
UNITED STATES OF AMERICA STATE OF OREGON
STATE BOARD OF HIGHER EDUCATION BLDG BOND
SERIES 1974 C

KNOW ALL MEN BY THESE PRESENTS, that the STATE OF OREGON acknowledges itself to owe and for value received hereby promises to pay to bearer the principal sum of -----------------------------

FIVE THOUSAND DOLLARS ----------------------------- ($5,000) on the first day of April, 19 , with interest on said sum from the date hereof until paid, at the rate of PERCENT ( %) per annum, payable semiannually on the first day of April and the first day of October in each year, as evidenced by, and upon the presentation and surrender of, the interest coupons hereon annexed as they severally become due. Both the principal of and the interest on this bond are payable at the Fiscal Agency of the State of Oregon,
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in the City and State of New York, in any coin or currency which, at
the time of payment, is legal tender for the payment of public and
private debts within the United States of America.

The bonds of the issue of which this bond forms a part, maturing on and
after April 1, 1990, may be redeemed at the option of the State of Oregon,
on and after April 1, 1989, at par and accrued interest, on any interest-
paying day or days in regular numerical order or in the entire amount of
the issue outstanding at call date, upon notice given by the Treasurer
of the State of Oregon at least thirty (30) days prior to the redemption
date specified therein, by publication thereof in one issue of a newspaper
or financial journal of general circulation printed and published within
the City and State of New York, and one issue of a newspaper of general
circulation printed and published within the City of Salem, Oregon. From
the date of redemption designated in any such notice, interest on the
bonds so called for redemption shall cease.

This bond is issued by the State of Oregon in conformance to its Constitu-
tion and under and by virtue of and in all respects in full and strict
compliance with its laws, and in particular Article XI-F(1) of the Oregon
Constitution, Chapter 592, Oregon Laws 1973, and applicable provisions
of ORS Chapter 351, for the purpose of financing the cost to plan, con-
struct, alter, repair, furnish and equip buildings and structures for
higher education, to purchase and improve sites therefor, and for payment
of costs incident to the sale and issuance of the bonds.

The faith and credit of the State of Oregon hereby are irrevocably pledged
to the punctual payment of the interest on and the principal of this bond
as the same become due and payable respectively.

IN TESTIMONY WHEREOF, the STATE OF OREGON has caused this bond to be signed
by the Governor and by the Secretary of State with their facsimile signa-
tures, and by the State Treasurer, and sealed with the seal of the State
of Oregon, and has caused the annexed interest coupons to be executed
with the facsimile signatures of its said officers, all as of the first
day of April, 1974.

Governor __________________________
(SEAL)
Secretary of State __________________________
State Treasurer __________________________

FORM OF COUPON

(For coupons maturing on October 1, 1974, up to
and including April 1, 1989)

No.______ On the first day of October, 1974, THE
STATE OF OREGON will pay the bearer
$_______ DOLLARS

at the Fiscal Agency of the State of Oregon, in the City
and State of New York, in any coin or currency which, at
the time of payment, is legal tender for the payment of
public and private debts within the United States of
America, for six months' interest then due on State of
Oregon, State Board of Higher Education Building Bond,
Series 1974 C, No.______

(facsimile) __________________________ (facsimile) __________________________ (facsimile) __________________________
State Treasurer Secretary of State Governor
(For coupons maturing on and after October 1, 1989)

No. On the first day of October, 1989, unless the bond hereinafter designated shall have been called for previous redemption and due provision made for the payment thereof, THE STATE OF OREGON will pay the bearer DOLLARS

at the Fiscal Agency of the State of Oregon, in the City and State of New York, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts within the United States of America, for six months' interest then due on State of Oregon, State Board of Higher Education Building Bond, Series 1974 C, No.______________

(facsimile) (facsimile) (facsimile)
State Treasurer Secretary of State Governor

The foregoing bond and coupon forms hereby are approved as to legal form this________day of________, 1974.

LEE JOHNSON, Attorney General of the State of Oregon

BE IT FURTHER RESOLVED that, as provided by CRS 351.430, the Secretary of the Board be and he hereby is authorized to advertise the said STATE OF OREGON, STATE BOARD OF HIGHER EDUCATION BUILDING BONDS, SERIES 1974 C, for public sale thereof on or about February 26, 1974, at a price of not less than $99 for each $100 par value thereof, and the accrued interest thereon, and the notice of sale to specify that the Board reserves the right to reject any or all bids for the bonds; and

BE IT FURTHER RESOLVED that the Secretary and Vice Chancellor for Administration of the State Board of Higher Education be authorized to effect the necessary arrangements to deliver the bonds and to receive payment therefor.

Board Discussion and Action

Upon motion by Mr. Corey, the Board approved the recommendations as presented and duly adopted the above resolution as read, with the following voting in favor of adoption: Directors Corey, Johnson, Joss, Madden, McIntyre, Mosser, Snider, Nesterdahl, and Layman.

Those voting no: None.

The President thereupon declared the resolution duly adopted by a unanimous vote of those present. Mr. Holmes and Mr. Stewart were absent at the time of the roll call vote.
Staff Report

On December 18, there was presented to the Finance Committee a summary of computer network planning to that date. Since then, there have been further discussions with the institutional executives and the Computer Policy Council. From these discussions, some revision of the recommendations for 1974-75 and further clarification of the developments recommended for the ensuing five years were made. The revisions are incorporated in the plan transmitted herewith.

Copies of the plan have been forwarded to the Budget Division of the Executive Department. The letter of transmittal made explicit notation that the plan had not received the approval of the Board and that the submission was tentative until the Board has given approval, under such terms as the Board may decide.

During the Committee discussion on December 18, several queries were posed. The staff was requested to provide responses for Committee consideration. The sequence has been rearranged to group related questions together and the questions have been rephrased for clarity.

1. Is this plan substantially different from the January 1, 1973, plan? Does the plan envision phasing out the facilities at the University of Oregon and expanding those at Oregon State University?

The 1974 plan is different in many respects but the basic concept is unchanged. One of the primary differences is the recommendation that network facilities be administered by the Chancellor's Office, rather than by an institution under a contractual arrangement. The plan anticipates that owned equipment of the University of Oregon and Oregon State University will be retained. A new research and instruction computer is proposed for location at Corvallis but operated under the direction of the Chancellor. It should be added that further analysis of costs has led to the conclusion that the needs of the Teaching Hospital warrant interim expansion of computing capacity at the Medical School.

2. What types of computing service will be provided by the network? In what proportion?

It is hard to know the best means of identifying proportions but dollars provide an indication. In 1973-74, 9 percent of the expenditures for data processing are for instruction, 26 percent for research, 55 percent for administrative services, and 10 percent for overhead. It is the goal of the plan to increase the instructional proportion to near 30 percent of a larger base and reduce the proportion of administrative use to 40 percent or less.

3. Is there a need for all students to be trained in the use of computers in their professions? Are the so-called "standards" for instructional computing met at other comparable institutions?

The relevance of computers to nearly every profession or vocation can be demonstrated fairly easily. It is not important that a student learn to become a computer operator, a systems analyst, a programmer, or any other kind of processing specialist. What is important is that the student develop a clear understanding of what a computer is, in general how it works, and what its limitations are. Preferably, this understanding should be related to its application in the student's sphere of specialty, whether it be law or medicine, industry or commerce, government or education. Without such knowledge, the graduate will not be prepared to understand the reason for the computer-based procedures he will encounter "in the real world." And, as the graduate assumes greater responsibility, he will not know how the computer may be of assistance or even how to identify the persons who can provide valid counsel.
The standards for instructional computing referred to in the plan have not been the subject of a published comparative analysis of the sort we have undertaken in Oregon. Consequently, there is no hard evidence of the comparative inadequacy of our present computer capability. From professional knowledge, however, it is clear that other institutions spend more on data processing per student than we are proposing for 1979-80 and that our goal of reaching 1971 "standards" by 1980 is a modest one.

4. Will the services be "self-sustaining?" How will the added funds be distributed? How will the budgets be controlled?

The plan proposes that the total budget for all data processing services will be controlled and coordinated by the network director, subject to the direction of the Chancellor and the Board. The funds will reside in the institution or statewide activity, to be spent on data processing activities consistent with the budget plan. A prototype has been established for the Data Services Center. This unit, formerly a part of the Controller's Office, has been transferred to the Data Services Division. The Controller has the funds he would have spent. He now purchases data processing services from the Data Services Center. Oregon College of Education, which formerly purchased services from the Controller, now purchases them from the Data Services Center.

The budget allocations for data processing will be renegotiated annually. Once established, they may be modified only by mutual agreement between the institution and the network director or by higher authority. As much flexibility as is feasible will be built into the budgeting process. The billing system will be designed to assure a balance between income and expenditure.

Staff Recommendation

It was recommended that the Committee recommend Board approval for submission of the plan to the Executive Department for presentation to the 1974 Special Session of the Legislative Assembly.

Committee Discussion and Recommendation

The Chancellor commended the staff for the excellence of the report on the computer network plan and described the development of the plan as it extended over a period of more than ten years.

The Finance Committee recommended that the Board approve the recommendation as presented.

Board Discussion and Action

The Board approved the recommendation as presented.

Staff Report to the Committee

Conditional Transfer of Funds by Affiliated Organization, SOC

The Southern Oregon College Foundation has approximately $9,430 in four loan and/or scholarship funds. The Board of the Foundation recognizes the desirability of transferring these (and subsequently received funds) to restricted accounts of the College, to be administered as are other College loan or scholarship funds. The Foundation Board is willing to make the transfer, with the understanding that any assets remaining to the credit of such accounts be returned to the Foundation, if the purpose for which one or more of the funds was established ceases to exist.

If the transfer to the College is made pursuant to such a condition, a return of the funds appears to be fully consistent with Board policy and proper accounting practice.
Staff Recommendation

No Committee or Board action was required. However, the report was made a part of the Board record as a matter of policy interpretation.

Board Discussion and Action

The Board accepted the report as presented.

Report of Appointment of Engineers for Recreation Facilities, SOC

Staff Report to the Board

The capital construction program for auxiliary enterprises approved by the 1973 Legislature includes $455,000 for recreation facilities at Southern Oregon College. Of this amount, approximately $75,000 is budgeted for an all-weather track and bicycle trail. This work is expected to include placement of a two-inch asphaltic concrete pavement on the present quarter-mile track located in the Physical Education area, followed by surfacing with a rubberized asphalt material. Included also would be adequate foundations and surface drainage to insure year-round usability of the track.

Upon the recommendation of institutional officials, arrangements have been made for the professional services of Marquess & Marquess, consulting engineers, Medford, to assist institutional personnel in the design and contract administration of this project. For their services, they are to be compensated on a time and materials basis, with the understanding that the total charge, exclusive of surveying and staking, shall not exceed ten percent of the direct construction costs of the work.

Funds required for the planning are being provided from commingled student building fees.

Board Discussion and Action

The Board accepted the report as presented.

Report of Land Acquisition, OSU

Staff Report to the Board

Pursuant to authorization granted by the Board under Section 70.040 of the Administrative Rules, arrangements have been made for the acquisition from Willetta M. Smith of two properties within the approved projected campus boundaries of Oregon State University:

2735 N. W. Orchard St., Corvallis. This property consists of approximately 5,500 square feet of land improved with a two-bedroom house in poor condition. The purchase price of $10,500 was in line with appraisals obtained by the institution.

2745 N. W. Orchard St., Corvallis. This property consists of approximately 5,500 square feet of land improved with a two-story house containing two bedrooms, plus an unfinished basement. The purchase price of $13,750 was in line with appraisals obtained by the institution.

Inasmuch as both parcels are within the area designated for future parking, the purchases were financed from balances available to Oregon State University from parking operations. The acquisition costs are being charged against the expenditure limitation for land within Chapter 592, Oregon Laws 1973.

Board Discussion and Action

The Board accepted the report as presented.
Upon the recommendation of University of Oregon officials and Wolff/Zimmer/Gmcll/Frasca, project architects, the work of the three prime contractors for the Administrative Services Building at the University of Oregon was accepted on behalf of the Board as of November 12, 1973, subject to the completion of a few minor items. The work was inspected by the Chancellor and by the Vice Chancellor for Facilities Planning on that date.

A revised semifinal budget is shown below in comparison with the budget reported to the Board on May 22, 1973:

<table>
<thead>
<tr>
<th>Project Costs</th>
<th>Revised Budget 11/12/73</th>
<th>Original Budget 5/22/72</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General work - Juhr &amp; Sons, Oreg. Ltd., Portland</td>
<td>$1,711,309</td>
<td>$1,662,000</td>
<td>$49,309 (1)</td>
</tr>
<tr>
<td>Mechanical work - Chase Company</td>
<td>470,503</td>
<td>468,066</td>
<td>2,437 (2)</td>
</tr>
<tr>
<td>Mechanical Contractors, Eugene</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electrical work - Linco Electric Co., Albany</td>
<td>148,355</td>
<td>143,957</td>
<td>4,398 (3)</td>
</tr>
<tr>
<td>Total direct construction costs</td>
<td>$2,330,167</td>
<td>$2,274,023</td>
<td>$56,144</td>
</tr>
<tr>
<td>Professional service fees</td>
<td>176,952</td>
<td>180,000</td>
<td>(-3,048)</td>
</tr>
<tr>
<td>Utility service connections (chilled water)</td>
<td>150,000</td>
<td>150,000</td>
<td>--</td>
</tr>
<tr>
<td>Furnishings and equipment</td>
<td>167,386</td>
<td>180,000</td>
<td>(-12,614)</td>
</tr>
<tr>
<td>Landscaping</td>
<td>40,000</td>
<td>40,000</td>
<td>--</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>85,495</td>
<td>80,497</td>
<td>4,998</td>
</tr>
<tr>
<td>Contingencies</td>
<td>--</td>
<td>45,480</td>
<td>(-45,480)</td>
</tr>
<tr>
<td>Total project costs</td>
<td>$2,950,000</td>
<td>$2,950,000</td>
<td>$--</td>
</tr>
</tbody>
</table>

(1) Includes excessive rock excavation, additional graded backfill to replace unsuitable soil, additional cabinet work and modifications to selected counters and cases, adjustment of partitions and doors to suit reassignment of spaces, floor covering changes and revisions to parking lot access and graded area north of loading dock and miscellaneous other changes all included within fifteen approved change orders. (Excludes $586 added to this contract by change order but funded separately for an electrical manhole and raceway installed for Eugene Water & Electric Board service.)

(2) Includes replacement of thirty-two lineal feet of existing terra cotta sewer pipe with new 8" concrete pipe, extending supply piping to second floor for wall hydrant, adjusting catch basin north of loading dock and other changes within six approved change orders. (Excludes $14,647 added to this contract by change order but funded separately for a water line replacement project.)

(3) Includes the addition of clocks and wiring and outlet revisions, revisions to office locations and other minor revisions included within four approved change orders. (Excludes $293 added to this contract by change order but funded separately.)

The Administrative Services Building is located on the north side of Thirteenth Avenue, west of Agate Street, in close proximity to the Science complex, the Health Center and student residence halls. The reinforced concrete structure is finished with a veneer of brick and contains approximately 77,820 gross square feet distributed within a partial basement and three distinct masses, i.e., a three-story west wing that may be expanded northward, a four-story east wing capable of four additional floors and a four-floor central connecting core housing mainly elevators, stairs and utilities. The total gross square feet is approximately 2,738 square feet less than that reported to the Board on May 22, 1973. This adjustment is attributable principally to the exclusion of the...
second floor balcony and the ground-level covered (but unenclosed) entry which had been included previously, and by the inclusion of a small basement area previously omitted. The revised total reflects more precise measurements of the "as-built" configuration of the building.

The first floor accommodates the Business Office, Student Services and International Student Services. The Registrar, Admissions Office and Financial Aids are located on the second floor. The third floor contains Administrative Services, Data Processing, Student Personnel, Student Affairs Research, Student Conduct, Special Projects and Mail Room. On the fourth floor are located Personnel Services, Student Employment, Affirmative Action, Faculty Personnel, Educational Opportunities Services, and Lifelong Learning Services. These space assignments differ somewhat from earlier descriptions of the project but give effect to changes related to the decision of the University to retain the Placement Services offices in Susan Campbell Hall rather than to relocate them within the new building.

The landscape development of the areas adjoining the Administrative Services Building and the recently completed Science Building, Third Addition, is now being designed and will be contracted separately.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - UO Administrative Services Building

Architects - Wolff/Zimmer/Gansul/Frasca, Portland

Legislative authorization - Chapter 709, Oregon Laws 1971

Board's Priority in 1971-1973 - No. 3 (Educational and General Plant)

Approximate gross area - 77,820 square feet

Estimated total project cost

Estimated total direct construction costs:
Total, including utility service connections and landscaping
Total for building and fixed equipment only
Average (per square foot) - $29.94

Financing plan:
General Fund appropriation - Chapter 709, Oregon Laws 1971
General obligation bond borrowings under provisions of Article XI-G of Oregon Constitution
Total

Board Discussion and Action

The Board accepted the report as presented.

Upon the recommendation of institutional officials and The Amundson Associates, project architects, the work of the prime contractor for the Straub Hall Basement Remodeling for an Automated Laboratory at the University of Oregon was accepted as of December 5, 1973, subject to the completion of a few minor items. The work was inspected by the Vice Chancellor for Facilities Planning on behalf of the Board on December 12, 1973.
A revised semifinal budget is shown below in comparison with the budget reported to the Board on March 27, 1973:

<table>
<thead>
<tr>
<th>Project Costs</th>
<th>Revised Budget 12/5/73</th>
<th>Original Budget 3/27/73</th>
<th>Increase or (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs: Byron Nelson Construction Co., Eugene</td>
<td>$200,728</td>
<td>$150,173</td>
<td>$50,555 (1)</td>
</tr>
<tr>
<td>Demolition by Physical Plant</td>
<td>3,000</td>
<td>3,000</td>
<td>--</td>
</tr>
<tr>
<td>Items omitted to be restored</td>
<td>--</td>
<td>40,000</td>
<td>$40,000</td>
</tr>
<tr>
<td><strong>Total direct construction costs</strong></td>
<td>$203,728</td>
<td>$193,173</td>
<td>$10,555</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>33,500</td>
<td>33,500</td>
<td>--</td>
</tr>
<tr>
<td>Construction supervision</td>
<td>5,276</td>
<td>7,590</td>
<td>(2,314)</td>
</tr>
<tr>
<td>Physical Plant and miscellaneous costs</td>
<td>4,996</td>
<td>3,578</td>
<td>1,418</td>
</tr>
<tr>
<td>Contingencies</td>
<td>--</td>
<td>9,069</td>
<td>(9,069)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$247,500</td>
<td>$247,500</td>
<td>--</td>
</tr>
</tbody>
</table>

(1) Includes restoration of items deleted from the drawings and specifications prior to the bid opening, additional mechanical items to accommodate future Phase II work, revisions to the finish hardware schedule, addition of remote gauges to read environmental conditions outside laboratory room 32A, addition of vinyl asbestos tile flooring in six rooms and other changes within nine approved change orders. (Excluded is $201 added to this contract by change order but funded separately for the provision of electrical work to accommodate the installation of two sound chambers being furnished under a separate agreement.)

Remodel work completed in the basement of John Straub Hall provides space for the Department of Psychology's Cognitive (Automated) Laboratory significantly improved over that in which it was housed previously, and is the first in the series of programmed renovations in Straub that eventually will enable nearly complete centralization of the department.

The work provided two staff offices, a secretarial space, a waiting and reception area, 11 laboratories (7 experimental cubicles, 2 EEG rooms, an EEG monitor room, and an environmentally controlled room with vestibule), a conference room, tape library, computer room, teletype terminal room, electronics shop and three storage spaces. The sum of associated net assignable areas is approximately 3,803 square feet. Also accomplished during this phase was work necessary to the remodeling of the remainder of the building which was authorized by the 1973 Legislature, including the installation of new four-inch chilled water supply and return lines and new chilled water, heating water and steam condensate lines, as well as the extension of lighting and power raceways. The gross area of the space affected by this project is about 8,298 square feet.

**RECAPITULATION UPON INSPECTION AND ACCEPTANCE**

Project - UO Straub Hall Basement Remodeling for Automated Laboratory

Architects - The Amundson Associates, Springfield

Legislative authorization - Chapter 709, Oregon Laws 1971 (supplemented by Emergency Board action on November 10, 1972)

Approximate area remodeled - 8,298 square feet

| Total project costs | $247,500 |
| Total direct construction costs | $203,728 |
| Cost per square foot of remodeled area | $24.55 |

Financing plan:

| General Fund appropriation in Chapter 709, Oregon Laws 1971 | $36,250 |
| Article XI-G bond borrowings | 96,250 |
| Building use credits | 83,000 |
| Grant from National Science Foundation (excluding equipment funds of $42,000 budgeted separately) | 32,000 |

**Total** | $247,500 |
Board Discussion and Action

The Board accepted the report as presented.

Report of Land Acquisition, UO

Staff Report to the Board

Pursuant to authorization granted by the Board under Section 70.040 of the Administrative Rules, arrangements have been made for the acquisition of the Viken property located at 1443 and 1443-1/2 Moss Street, Eugene. The property consists of approximately 10,672 square feet of land improved with two residential buildings. The house at 1443 Moss Street has approximately 1,051 square feet and is a two-story, four-bedroom home with a sun room. It has a concrete foundation, shake exterior and a composition type roof. There is a separate garage with a concrete foundation and floor. The house at 1443-1/2 Moss Street has approximately 545 square feet and is located in back of the other residence. It has a living room, kitchen, bathroom, bedroom, and a back porch. The structure has a concrete foundation and composition roof.

The purchase price of $18,225 was in line with appraisals obtained by the institution.

Inasmuch as the property is within the area designated for student housing, the purchase is being financed from proceeds from the sale of bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution. It is being charged against the expenditure limitation authorized by subsection 9 of Section 2 of Chapter 592, Oregon Laws 1973.

Board Discussion and Action

The Board accepted the report as presented.

Report of Appointment of Engineers for Fire Sprinkler and Smoke Detection Systems within Hospitals, UO

Staff Report to the Board

Upon the recommendation of institutional officials, arrangements have been made for the professional services of Keith Kruchek Consulting Engineers, Inc., Portland, to assist in the preparation of preliminary plans, cost estimates and a report relating to the proposed installation of fire sprinkler and smoke detection systems within portions of the University of Oregon Medical School Hospital and University Hospital North. This work, tentatively estimated to cost approximately $600,000, is included within the capital construction requests recommended to the special legislative session in 1974 as part of the UOCS Correction of Unsafe Conditions.

For their services, the engineers are to be compensated on a time and materials basis not to exceed $10,000 without prior authorization from the Vice Chancellor for Facilities Planning.

Funds required for the planning are being advanced from the Board's reserve for architectural/engineering planning.

Board Discussion and Action

The Board accepted the report as presented.

Indirect Cost Recoveries, UO

(Considered by Finance Committee, December 18, 1973; present - Mosser, Layman, Westerdahl, Stewart, Corey, Holmes, Johnson, Joss.)

Staff Report to the Committee

The indirect costs attributable to and reimbursed under the terms of federal research grants and contracts are subject to audit after the fact and adjustment up or down as a result of such audit. Two recent audits have had highly disparate results.

The audit at the University of Oregon Medical School resulted in an additional payment of $596,705. Of this sum, $196,705 has been placed in a reserve, which now amounts to $255,585. The remainder will be expended for nonrecurring items.
A preliminary audit at the University of Oregon suggests that there has been a substantial overpayment. Although the elements of the preliminary audit are being challenged through appropriate channels, future income from indirect cost recoveries will be seriously reduced.

Indirect cost reserves are being re-examined to assure that the reserves are appropriate to the audit risks. No further action at this time is required.

Committee Discussion and Recommendation

The Committee considered the reasons for the different situations at the University of Oregon and the Medical School and the possibility of similar situations occurring again another year. It was indicated that the problem results from the interpretations which the auditors place upon the administrative processes within the institutions. It was indicated that it appears probable the interpretations may result from the need of the federal government to effect economies rather than from any particular judgment formed about the appropriateness of the administrative procedures.

It was stated that the change in the interpretation with respect to the University of Oregon should be pursued with the regional office and the national office because the action of the federal auditors appears to be capricious.

The Chancellor said it should not be assumed a reduction in indirect cost credits would not occur again in the future.

Mr. Mosser suggested the possibility of creating a System reserve for problems resulting from the audits. He also said the State System should be consistent in the posture that it takes. He said the institutions that have large research programs should work with the Chancellor's Office to assure that the System policies are uniform and that adequate reserves are created for any problems that may arise. No action was required pending the outcome of present negotiations with the federal government.

Board Discussion and Action

The Board accepted the report as presented.

Report of Appointment of Consultants for Feasibility Study of Student Housing in Portland, UOHE-UODS-PSU

Upon the recommendation of a committee representing Portland State University, the University of Oregon Medical School and the University of Oregon Dental School, arrangements have been made for the professional services of Columbia Research Institute, Portland, relating to the initial phase of a comprehensive feasibility study, including the definition and evaluation of need, for student housing in Portland. An outline of the program, including subsequent phases not covered by this commission, was reviewed with the Building Committee and other members of the Board as part of the in-depth review of Portland State University on October 24, 1973.

For their services, the consultants are to be compensated on a time and materials basis not to exceed $18,000 without prior authorization from the Vice Chancellor for Facilities Planning. Funds required for the study are being advanced from the Board's reserve for architectural/engineering planning pending the sale of self-liquidating bonds under the provisions of Article XI-F(1) of the Oregon Constitution when a project is undertaken under the $10,000,000 authorization within Chapter 592, Oregon Laws 1973, for student housing in Portland.

Board Discussion and Action

The Board accepted the report as presented.

Report of Meeting of Academic Affairs Committee

The Academic Affairs Committee met for a regular meeting at 9:00 A.M., Wednesday, December 19, 1973, in Room 338, Smith Memorial Center, Portland State University, to consider the following matters:

1. Foreign Study Programs

A report of the discussion and Committee recommendation is found on p. 49.
2. *Selected Recommendations from a Study by the Foundation for Oregon Research and Education (FORE).*

The Committee heard representations from the following members of the FORE study: Mr. Raymond Alexander, Mr. Don Anhoury, Mr. Robert W. Caster, Mr. George Jackson, Mr. Thomas Morrow, Mr. Harry Porter, Mr. Jack Samper.

Recommendations of FORE in respect to the following listed matters were discussed:

a. Raising of threshold admissions at OSU, PSU, and OCE.

Mr. Jackson said the FORE recommendation was designed to provide a range of selectivity among the institutions in Oregon similar to the ranges of selectivity found in Washington and California. He said raising the admissions level would raise the quality of education offered at the three universities.

Mr. Westerdahl suggested that other factors were more important in determining the quality of education than the level of the admissions requirement. Mrs. Johnson noted that very few students would be affected if the admission requirement were raised to 2.50. Dr. Romney commented that Oregon's admission standards compare favorably with those of most of the state colleges and universities in the nation. Washington and California have developed differentiated admissions requirements as a means of directing enrollment away from the large universities. This has not been necessary in Oregon. However, as the two largest universities reach their enrollment ceilings, determination will have to be made as to how the necessary restriction on enrollment can best be accomplished.

It was observed that the Committee will be considering a comprehensive report on admissions requirements at its August 1974 meeting. The FORE recommendations will be one of the alternatives examined at that time.

b. Raising of transfer requirements for students not eligible as first-time freshmen from 9-12 credit hours to 45 credit hours at all institutions.

Mr. Caster said FORE believes there should be proven performance before there is a relaxation of the admission requirement. Mr. Holmes commented that requiring a full year of work before transfer inhibited the free flow of students among institutions he felt Oregon should provide. Mrs. Johnson noted that such a provision would increase difficulties of the smaller four-year institutions which are facing problems of keeping enrollment at a level maintaining viability of programs.

c. Board review of 20 percent of academic programs each year.

Mr. Anhoury said FORE felt a review of a certain proportion of the programs of the institutions each year would be a sound management procedure. Members of the board present and the Board's staff agreed that reviews were necessary and desirable and observed that such reviews were going on all the time at the institutional level. It was decided that criteria should be developed which would identify programs which should be reviewed by the Board. Mr. Messer suggested that FORE representatives might advise with the Board's staff on the identification of criteria.

d. Uniform core content of similarly numbered courses.

Mr. Porter said it had been FORE's intent in this recommendation to emphasize the importance to students of accurate course descriptions.
e. Preregistration.

Chancellor Lieuallen noted that the institutions are moving toward this, but implementation in some instances is dependent upon the further development of the computerized student information system.

f. Tenure.

Mr. Sampier said FORE wished to compliment the Board on its thoroughgoing review of tenure, which had resulted in changes in Administrative Rules approved by the Board in the summer of 1973. He said he hoped the Board would continue its reviews with the view of determining whether there were alternatives to tenure which should be considered.

g. State support for research.

Mr. Alexander said FORE recommended development of a contingency plan to provide necessary research capability should declining federal support make an active state-supported research program necessary.

Mr. Corey noted that the Board's Office is in agreement with the FORE recommendation and is preparing a proposal for such a contingency plan for consideration by the Board. He asked that FORE continue to work with the Board on this matter.

3. Increase of Enrollment Ceiling for UO to 16,000 Fall Term FTE.

A report of the discussion and Committee recommendation is found on p. 21.

4. Preliminary Report of the Citizens' Advisory Committee on Alternatives in Veterinary Medical Education.

Mr. J. W. Forrester, Jr., chairman of the committee, presented the committee's report. Copies of the report are on file in the Board's Office. Mr. Forrester said the committee had reviewed various alternative approaches to the problem of (1) assuring that Oregon is supplied with an adequate number of veterinarians to serve its needs, and (2) to assure access to veterinary medicine programs for qualified Oregon residents in a number that seems reasonable in the light of the supply-demand equation as it related to veterinarians. He said the committee concluded that the shared curriculum was the most feasible way of meeting Oregon's needs in respect to veterinary medical education. Discussions have taken place between Washington State University, Oregon State University, and the University of Idaho which envisions a shared curriculum, each state providing a component of the facilities and faculties and each state in turn being guaranteed student placement for its residents proportionate to its contribution to the costs of the program.

Mr. Forrester said the committee urges vigorous support for this concept. A detailed proposal is being developed by the three institutions which will be presented to the Academic Affairs Committee and the Board for consideration early in 1974.

5. Development of a BA/BS Degree Program in Nursing at Southern Oregon College.

A report of the discussion and Committee recommendation is found on p. 6.

6. Developments at Portland State University in the Administration of Justice Field.

Mrs. Johnson said this report would be discussed at a later meeting of the Committee.

Mrs. Johnson thanked the Board's Office and Teaching Research for the report. She said no Committee discussion was required.

Board Discussion and Action

The Board accepted the report as presented.

Specific Priority Items

(Considered by Finance Committee, December 18, 1973; present - Mosser, Layman, Westerdaal, Stewart, Corey, Holmes, Johnson, Joss.)

Staff Report to the Committee

In a letter to President Layman, the Foundation for Oregon Research and Education (FORE) has indicated its "specific priority items" in the April 1973 report on "University Management and Finance."

1. Recommendation III D of the section on Funding proposes that the Board of Higher Education "act as a committee of the whole in budget preparation and review."

The budget process consists of several steps (establishment of budget assumptions and criteria, review of program improvement requests, approval of tuition and fee schedules, plus final action on the budgets) and is repeated for biennial and annual budgets. All Board members are invited to (and most do) attend the meetings of the Finance Committee. The question for decision is whether all or some of the budget processes should be undertaken by the Finance Committee or the Board acting as a Committee of the Whole.

2. Recommendation III F proposed that "resident undergraduate and graduate student tuition should be increased incrementally to equal 40 percent of estimated cost of instruction; out-of-state undergraduate students should continue to pay the estimated full cost of instruction; graduate students hired as teaching assistants and instructors should pay full tuition rates and be appropriately paid for services rendered. Any increase in tuition should be accompanied by one or more means by which students can finance the additional tuition charges."

Tuition equal to 40 percent of the estimated cost of instruction would represent more than 30 percent increase for resident undergraduates plus the costs of inflation of 5 percent to 10 percent per year. Even at incremental rates and with increases in student aid, the proposed increase is questionable.

Oregon's four-year colleges are charging tuition substantially in excess of those charged at other Oregon public post-secondary institutions and generally in excess of the tuition charges made in other states. Adoption of a 40 percent policy should come only after there is a showing that other public institutions are committed to such a program. It should not be adopted unilaterally by the Board.

Further, the cost of instruction is only a part of the total cost of a college education. The noncommuting student pays board and room (full cost) and foregoes income he might otherwise have earned. In a word, the student already is paying well over half of the costs involved in securing an education.

The goal of tuition-free education has long been cherished in Oregon, as a means of widening the doors of opportunity. Despite the goal and despite the ravages of inflation, Oregon's four-year colleges now charge tuition at rates that are nearly twice the percentage of the cost of