Meeting #417-135
Adjourned Session of Meeting of July 23, 1974
President Mosser called the adjourned session of the regular State Board of Higher Education meeting of July 23, 1974, to order at 11:00 A.M., Pacific Daylight Time, August 28, 1974, in the Portland Room, Smith Memorial Union, Portland State University, Portland, Oregon. The following Board members were present:

Mr. George H. Corey  Miss Valerie McIntyre
Mrs. Elizabeth H. Johnson  Mr. John W. Snider
Mr. Philip A. Joss  Mr. Loran L. Stewart
Mr. George H. Layman  Mr. Edward G. Westerdahl II
Mr. Marc F. Maden  Mr. John D. Mosser

Lease of Additional Land to the Oregon Wildlife Commission, OSU
(Considered by Committee on Finance, Administration and Physical Plant, August 28, 1974; present--Westerdahl, Corey, McIntyre, Snider.)

Staff Report to the Committee

On April 27-28, 1964, the Board approved the leasing of three acres of the Averill Tract, located about a mile east of Corvallis on the north side of Highway 34, to the Oregon State Game Commission (now identified as the Oregon Wildlife Commission) for the construction of a research laboratory. The lease term was 99 years, renewable by mutual agreement. The laboratory facilities have been constructed and are being operated adjacent to Oregon State University's Fish Hepatoma Laboratory. Among other matters, the contractual arrangements granted the Commission the right to utilize 200 gallons of water per minute from adjacent ground wells, as authorized by the State Engineer.

Inasmuch as the existing wells in close proximity to the Commission's laboratory have failed to provide a sufficient quantity of water suitable for the research program, a request has been made for the leasing of an additional parcel of land 20 feet wide and 165 feet long extending north from the original three-acre tract as a location for a new well. The new lease (or modification of the earlier lease) would be subject to the provisions of the present agreement, would run concurrently, and would be provided at no additional rental charges to the Commission.

Because the research programs of the Commission are of benefit to Oregon State University, and in some instances involve contractual arrangements with the University's Department of Fisheries and Wildlife as well as other departments, institutional officials concur in the request for the leasing of the additional land so that the cooperative programs can continue.

Staff Recommendation to the Committee

It was recommended that the president and secretary of the Board be authorized to lease to the Oregon Wildlife Commission an additional parcel of land measuring 20 feet wide by 165 feet long and containing about 0.076 acres, adjacent to the three acres of the Averill Tract now leased to the Commission, upon which to place a well for additional water supply for its research laboratory. The new lease (or modification of the earlier lease) would be subject to the provisions of the agreement authorized by the Board on April 27-28, 1964, without further rental charges.

Discussion and Recommendation of the Committee

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

Board Discussion and Action

The Board approved the recommendation as presented.
The biennial budget request of the Department of Higher Education for 1975-1977 is being prepared for submission in accord with the requirements of statute and the instructions of the Executive Department, and in general accord with the policy decisions developed through several meetings of the Board and its Finance Committee and as authorized by the Board at its meeting on June 26.

1. Budget Request Adjustments

Since the Board authorization on June 26, the preparation of the detailed requests has revealed the necessity for certain adjustments.

Base Budget

Revised Executive Department regulations relating to leasing of equipment require the purchase of some equipment which is presently leased. Corresponding budget changes are required by Executive Department budget instructions.

Workload increase

Added caseloads for paraplegics and vocational rehabilitation have been identified for the Crippled Children's Division.

The Veterinary Diagnostic Laboratory portion of the Agricultural Experiment Stations budget request must be increased to cover charges for services to be provided to and supported by fees from the State Department of Agriculture.

Program improvements

The 1975-1977 cost of reclassifications of nonacademic positions proposed are to be included in the budget as program improvements.

The costs associated with the proposed offering of courses by the Division of Continuing Education in nonurban areas has been reduced to reflect a revised estimate of anticipated student fees and the costs associated with the course offer.

The Agricultural Experiment Stations budget request has been increased in an amount sufficient to pay the fees required in order to cover the costs of services to be provided by the Animal Isolation Facility.

The computer services items have been modified to assure that the amounts requested will reflect more realistically the costs of the program approved earlier this year. There were several increases and decreases, resulting in a net increase of $338,038, in the request originally authorized for $2,229,482.

2. Budget Request Narratives and Summary Tables

In addition to the usual budget detail, Executive Department budget instructions call for narrative statements and summary tables. Copies of the general narrative statement and the program narrative for the "Education and General Services" request and those summary tables which seem most illustrative of the request appear on the following pages.

Staff Recommendation

It was recommended that the Board review the adjustments noted above and the narrative statements and summary tables which follow, and approve the submission of a budget request incorporating its previous policy decisions and such changes as it may direct. (In accord with Executive Department requirements that budget requests submitted on behalf of a board be approved by a majority of the board, the members concurring in the action will be requested to sign the prescribed form attesting to that approval.)
Summary Narrative

Department of Higher Education

1975-1977 Budget Request

Narrative Statement

The budget request submitted by the Board of Higher Education has four parts:

1. A consolidated summary;
2. The "Education and General Services" programs (generally, the instruction and instruction support activities of the institutions and the Board's offices);
3. Auxiliary Activities, the Gift, Grant, and Contract budgets, Student Loans, and the Operating Accounts;
4. The Statewide Public Service Divisions (hospitals, clinics, continuing education, forest research laboratory, agricultural research, cooperative extension).

The detail provided in three supporting volumes includes supporting narrative statements based upon policy decisions made by the Board during the spring of 1974. On three occasions (in April, May, and June), the Board discussed the budgetary issues, and on June 26 authorized the institutions and statewide services to prepare budget requests consistent with the Board's policy decisions.

In the process of preparing their submissions, there were minor adjustments found necessary by the institutions and statewide services and these were reviewed and incorporated pursuant to Board action at its meeting on August 28.

The Policy Decisions

The Board's budget request policies are defined in substantial detail in the supporting volumes but the major recommendations should be summarized here. It seems useful to do so in accord with the budget classifications established by the Executive Department.

1. Base budget. (By definition, "base budget" identifies the "costs necessary to continue in 1975-1977 the activity levels approved" by legislative action, plus allowance for inflation.)

   a. Maintenance of "approved activity levels"

   There are three elements of the budgets for the four-year institutions that have seemed to require special treatment in looking ahead to 1975-1977. They have been included in this budget request as "base budget" items because they are essential to the continuation of the present level of service.

   (1) Adjustment for enrollment changes

   Although the 1973 Ways and Means budget notes refer to a single average cost per student for the colleges and universities ($1,806.74) and for Oregon Institute of Technology ($2,362.96), it has been assumed that the request should allow for changes in the proportions of lower division, upper division, and graduate students as well as for changes in total numbers. To do otherwise would result in deterioration from the approved level of service.
(2) Equipment replacement

Institutional equipment needs have been met in part through equipment acquired in the course of capital construction projects and by Federal funding for purchase of certain kinds of equipment. With the uncertainty of these supplementary resources, it has seemed that additional resources should be sought for the provision of new and replacement equipment. Since a depreciation reserve seems inappropriate for General Fund-supported activities, the logical budgetary alternative appears to be the establishment of a replacement schedule that would provide an acceptable basis for determining and funding requests for equipment. Another option, under active consideration, is more extensive use of leases in securing the needed equipment.

The Board has directed, and with the assistance of the Foundation for Oregon Research and Education (FORE) is conducting, an intensive review of the present equipment inventory, how it was acquired, and the rate at which replacements are (and should) be made. The Board authorized, subject to modification in the light of more complete data, preparation of budgets including a 25 percent ($1,471,000) increase in funds for equipment for the four-year institutions and $1,506,087 for the other institutions and statewide services.

(3) Program maintenance

Reduced enrollments of substantial significance have occurred at Portland State University, Oregon College of Education and Southern Oregon College. Proportional reduction in appropriation support would force program reductions that are inconsistent with the missions of these institutions and the maintenance of the "approved level" of activity. For 1973-1975, the legislature recognized this principle in funding the operations at Eastern Oregon State College at a level that would be appropriate for 1,491 students, despite an enrollment forecast to be 1,512. The "program maintenance" requirements for 1975-1977 at Portland State University, Oregon College of Education, Southern Oregon College, and Eastern Oregon State College are described in greater detail in the supporting volume of "Education and General Services" programs.

b. Inflation allowances

A comprehensive staff analysis, conducted in consultation with economists at the three universities, has provided the basis for recommended inflation allowances for services and supplies and equipment items. These recommendations have been tentatively accepted by the Board. The Board has directed completion of a further analysis, to be reported in October, so that modification may be recommended, if the facts then warrant. The budget requests are based on inflation allowances for services and supplies of 25.76 percent in 1975-76 and 5.96 percent in 1976-77.

c. Hospital operations

The Teaching Hospital and University Hospital North at the University of Oregon Health Sciences Center are expected to continue operation of approximately 500 beds in 1975-1977. Although the budgets for the two hospitals will be presented separately, it is recommended that there be a single expenditure limitation to allow flexibility in budget execution during 1975-1977.

2. Increased workload

These are described in the supporting volumes and are consistent with the Executive Department instructions.
3. Program improvement - New Building Operation and Maintenance. (Executive Department instructions designate the costs associated with the operation of new buildings as "program improvement." Because of the volume ($3,134,816), they are separately identified in the budget request.)

a. Requests relating to buildings not yet authorized

The sums requested are based on buildings already authorized or under construction, as well as those for which authorization will be requested at the 1975 Legislature. Reductions are made for razed buildings.

b. Support for general purpose spaces in student centers

Non-revenue producing, general purpose spaces in student unions at Oregon State University, Southern Oregon College, and Eastern Oregon State College have been operated with General Fund support. It is proposed to extend such support to corresponding spaces at other institutions.

c. Utility improvement operation

These have been offset by operational cost savings to the extent deemed prudent.

4. Program improvement - Other

Although individual program improvements will be described in detail in the supporting volumes, it should be noted that the Board identified 16 priority items, at least nine of which are multi-institutional in nature.

The largest single item (Priority Item 4) is $4,087,567, representing institution and statewide service judgments of their highest priority items, within limits of 1 percent of the base budget of an institution and 2 percent for a statewide service. A comprehensive computer services plan (which totals $2,567,520) has been subdivided, with the components being requested in priority positions 2, 6, 12, 15. An amount of $500,000 has been requested as a Board's reserve for energy-related research, to be allocated in response to more definitive plans by the University of Oregon and Oregon State University.

5. Personal services

In accord with Executive Department instructions, the salaries shown in the Board's request are those in effect on July 1, 1974. The Board will submit at a later date recommendations for academic salary adjustments designed to match the biennial rate of inflation and to restore parity with comparable institutions.

6. Revenue categories

This budget request is predicated on the income policies in effect in 1974-75. This implies self-support for auxiliary enterprises and continuation of patient fees in the teaching hospitals to produce 64 percent of operating costs. Tuition income has been estimated, using 1974-75 rates. Revisions in tuition policy for 1975-1977 are under consideration by the Board, including possible reductions at Portland State University and the state colleges.

The Financial Impact

The disbursements proposed for 1975-1977 would total $553,074,837, exclusive of salary adjustments. It should be emphasized that, of this total, only $196,425,351 (35.5 percent) is required for operation of the state colleges and universities. The total "Education and General Services" program amounts to $250,068,409 (including the Medical, Dental, and Nursing Schools, the Oregon Institute of Technology and the Oregon Educational and Public Broadcasting Service). The remaining 54 percent of the request is comprised of:
The proposed level of General Fund appropriation support, exclusive of salary adjustments, would be $237,627,429 (43 percent of the total). This would be an increase of $44,190,255 above the $193,437,174 available for 1973-1975. For Education and General Services, the increase is $30,477,718 (from $154,131,694 to $184,609,412). In the Statewide Public Services, the largest single increase is for the operation of University Hospital North (formerly Multnomah County Hospital), where deletion of $5,875,000 of county support and increases in operating costs lead to an added requirement for state funds of $6,671,983. The Teaching Hospital increase is $5,657,168.

The total increase in disbursements recommended (from $482,588,178 in 1973-1975 to $553,074,837 in 1975-1977) is $70,486,659. Of that total, $11,067,006 is expected to be supported by gifts, grants, or contracts; $9,923,345 occurs in the self-sustaining auxiliary enterprises; and $817,347 in the operating accounts. For the Statewide Public Services, the increase is $16,464,175; for Education and General Services it is $32,214,786. It is important to recognize, however, that nearly $30 million is required simply to maintain the current levels of service:

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<th>Program Improvement</th>
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<td>Total</td>
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* * * *

This summary has provided a description of the budgetary decisions underlying the request. Additional detail is provided in the other three parts of the request and in the documents prepared by the institutions and Statewide Public Services. There is, we believe, evidence that is more than adequate to justify each element in the recommendations. If additional information would be helpful in the review, analysis, and favorable action on the request, the Board and its staff will welcome the opportunity to provide it.

Respectfully submitted

R. E. Lieuallen
Chancellor
### Education and General Services

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### Gifts, Grants and Contracts

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### Total, All Funds

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### Department of Higher Education

**Biennial Budget Request 1975-1977**

**State General Fund Operating Appropriations**

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### BIENNIAL BUDGET REQUEST 1975-1977

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# State-Wide Public Service Divisions

## Biennial Budget Request 1975-1977

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### Teaching Hospital

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| FTE Staff            |                  |                     |                   |                        |
| Academic             | 8.16             | 10.00               | 10.17             | 0.17                   |
| Classified           | 487.87           | 704.25              | 753.90            | 49.65                  |
| Resident Physicians and Interns | 100.00 | 80.00 | 74.75 | (5.25) |

### Outpatient Clinic

|                      |                  |                     |                   |                        |
| **Beginning Balance**| $-               | $60,369             | $60,369           | $-                     |
| **Income**           |                  |                     |                   |                        |
| State General Fund   | $3,157,795       | $4,952,057          | $7,083,333        | $2,151,276             |
| Patient Fees         | 1,553,191        | 2,159,106           | 2,298,564         | 139,458                |
| **Budgeted Expenditures** |               |                     |                   |                        |
| Base                 | $4,650,617       | $7,091,163          | $8,493,742        | $1,402,579             |
| Workload Increase    | -                | -                   | 346,346           | 346,346                |
| Program Improvement  | -                | -                   | 541,809           | 541,809                |
| **Total**            | $4,650,617       | $7,091,163          | $9,581,587        | $2,290,734             |
| **Ending Balance**   | $60,369          | $60,369             | $60,369           | -                      |

| FTE Staff            |                  |                     |                   |                        |
| Academic             | 5.23             | 7.60                | 5.62              | (1.98)                 |
| Classified           | 107.95           | 114.47              | 115.60            | 1.13                   |
| Resident Physicians and Interns | 43.00 | 45.00 | 45.00 | 2.00 |

### Tuberculosis Hospital

|                      |                  |                     |                   |                        |
| **Beginning Balance**| $-               | $39,813             | $-                | $39,813                |
| **Income**           |                  |                     |                   |                        |
| State General Fund   | $1,900,719       | $462,586            | $-                | $462,586               |
| **Budgeted Expenditures** |               |                     |                   |                        |
| Base                 | $1,858,059       | $479,115            | $-                | $479,115               |
| Workload Increase    | -                | -                   | -                | -                      |
| Program Improvement  | -                | -                   | -                | -                      |
| **Total**            | $1,858,059       | $479,115            | $-                | $479,115               |
| **Reversion**        | $2,847           | $23,084             | $23,084           |                        |
| **Ending Balance**   | $39,813          | $-                   | $-                | -                      |

<p>| FTE Staff            |                  |                     |                   |                        |
| Academic             |                  |                     |                   |                        |
| Classified           |                  |                     |                   |                        |
| Resident Physicians and Interns |        |                   |                   |                        |</p>
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| Crippled Children's Division |                      |                      |                      |                      |
| **Income**                 |                      |                      |                      |                      |
| State General Fund         | $ 3,573,581          | $ 4,282,422          | $ 5,981,829          | $ 1,599,407          |
| Federal Funds              | 1,150,400            | 1,215,400            | 1,175,000            | (40,400)            |
| Patient Fees               | -                     | 155,967              | 125,000              | (30,967)            |
| Hemophilia Program Fee     | 435,550              | 273,258              | 259,000              | 64,252              |
| Title XIX and VFD Reimbursement | -                     | 246,551              | 257,259              | 11,708              |
| **Budgeted Expenditures**  |                      |                      |                      |                      |
| Base                       | $ 4,782,549          | $ 6,046,512          | $ 7,300,590          | $1,254,078           |
| Workload Increase          | -                     | -                   | 440,134             |                     |
| Program Improvement        | -                     | -                   | 128,145             |                     |
| **Total**                  | $ 4,782,549          | $ 6,046,512          | $ 7,869,205          | $1,826,656           |
| Reversions and Transfers   | $ 165,480            | -                   | -                   | -                   |
| Ending Balance             | $ 473,808            | $ 600,894            | $ 600,894            | -                   |
| **FTE Staff**              |                        |                      |                      |                      |
| Academic                   | 49.00                 | 54.00                | 58.00                | 4.00                |
| Classified                 | 67.61                 | 72.61                | 77.61                | 5.00                |

| Dental Clinics             |                      |                      |                      |                      |
| **Income**                 |                      |                      |                      |                      |
| Patient Fees               | $ 876,721            | $ 1,005,418          | $ 1,025,296          | $ 29,878             |
| **Budgeted Expenditures (Base Budget)** | $ 794,361          | $ 849,642            | $ 1,003,468          | $ 153,826            |
| **Ending Balance**         | $ 42,461             | $ 198,237            | $ 230,065            | $ 31,825             |
| **FTE Staff**              |                        |                      |                      |                      |
| Academic                   | 1.90                  | 1.00                 | 1.00                 |                     |
| Classified                 | 28.30                 | 29.55                | 29.80                | 0.25                |

| Division of Continuing Education |                      |                      |                      |                      |
| **Income**                  |                      |                      |                      |                      |
| State General Fund          | $ 494,200            | $ 200,000            | $ 488,634            | $ 288,634            |
| Tuition and Fees            | 4,090,738            | 3,478,215            | 4,020,690            | 542,445              |
| **Budgeted Expenditures**   |                      |                      |                      |                      |
| Base                       | $ 4,426,829          | $ 3,952,760          | $ 4,145,690          | $ 192,930            |
| Workload Increase           | -                     | -                   | -                   | -                   |
| Program Improvement         | -                     | -                   | 365,634             | 365,634              |
| **Total**                  | $ 4,426,829          | $ 3,952,760          | $ 4,509,324          | $ 566,564            |
| Transfer                    | $ 98,685             | -                   | -                   | -                   |
| Ending Balance              | $ 274,515            | -                   | -                   | -                   |
| **FTE Staff**               |                        |                      |                      |                      |
| Academic                   | 35.85                 | 24.37                | 25.50                | 1.15                |
| Classified                 | 50.39                 | 51.00                | 51.50                | 0.50                |
### BIENNIAL BUDGET REQUEST 1975-1977

#### Operating Accounts

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<td>State General Fund</td>
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<td>Sales and Service Fees</td>
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<td>4,333,580</td>
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<td>Student Fees</td>
<td>56,195</td>
<td>52,994</td>
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<tr>
<td>Budgeted Expenditures</td>
<td>3,398,827</td>
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<tr>
<td>Reversion</td>
<td>4,127</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>(16,539)</td>
<td></td>
</tr>
<tr>
<td>Ending Balance</td>
<td>868,704</td>
<td>1,012,899</td>
</tr>
</tbody>
</table>

#### FTE Staff

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
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<tr>
<td>Income</td>
<td>12.26</td>
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<tr>
<td>Expenditures by Institution</td>
<td></td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
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<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>OB</td>
<td>642,812</td>
<td>868,912</td>
</tr>
<tr>
<td>OSU</td>
<td>1,335,887</td>
<td>1,556,230</td>
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<tr>
<td>PSU</td>
<td>449,375</td>
<td>490,006</td>
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<tr>
<td>OCE</td>
<td>38,553</td>
<td>56,943</td>
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<tr>
<td>SOC</td>
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<td>33,054</td>
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<tr>
<td>ENSC</td>
<td>19,888</td>
<td>29,725</td>
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<tr>
<td>OTT</td>
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<td>125,452</td>
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<tr>
<td>OMS</td>
<td>177,197</td>
<td>191,644</td>
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<tr>
<td>URS</td>
<td>352,190</td>
<td>408,630</td>
</tr>
<tr>
<td>TR</td>
<td>41,146</td>
<td>98,140</td>
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<tr>
<td>OEPBS</td>
<td>12,501</td>
<td>100,000</td>
</tr>
<tr>
<td>CA</td>
<td>7,801</td>
<td>2,867</td>
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<tr>
<td></td>
<td>67,980</td>
<td>163,803</td>
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<tr>
<td>Division of Continuing Edu.</td>
<td>118,596</td>
<td>172,173</td>
</tr>
<tr>
<td>Crippled Children's Division</td>
<td>65,207</td>
<td></td>
</tr>
</tbody>
</table>

| Total | 3,398,827 | 5,053,321 |

#### Auxiliary Activities

| Beginning Balance | 2,213,699 | 1,966,018 |
| Income | 49,676,498 | 67,662,442 |
| Budgeted Expenditures | 44,336,170 | 61,485,735 |
| Debt Service | 5,560,091 | 5,953,412 |
| Other | 27,918 | 1,897 |
| Total | 49,924,179 | 67,441,044 |
| Ending Balance | 1,966,018 | 1,626,733 |

<table>
<thead>
<tr>
<th>FTE Staff</th>
<th>Academic</th>
<th>Classified</th>
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<tbody>
<tr>
<td>154.44</td>
<td>162.83</td>
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<tr>
<td>812.50</td>
<td>784.40</td>
<td></td>
</tr>
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</table>

| Total | 168.76 | 5.93 |
| 775.35 | 9.05 |

#### Expenditures by Institution

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>OB</td>
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<td>OSU</td>
<td>13,689,305</td>
<td>21,465,097</td>
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<td>PSU</td>
<td>4,679,358</td>
<td>5,347,892</td>
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<td>OCE</td>
<td>3,086,438</td>
<td>3,508,730</td>
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<tr>
<td>SOC</td>
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<td>6,924,297</td>
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<tr>
<td>ENSC</td>
<td>1,829,871</td>
<td>2,508,941</td>
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<td>OTT</td>
<td>1,759,678</td>
<td>2,559,667</td>
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<tr>
<td>OMS</td>
<td>1,623,104</td>
<td>2,718,176</td>
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<td>URS</td>
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<td>OEPBS</td>
<td>10,761</td>
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<td>CA</td>
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<td>OCE</td>
<td>151,578</td>
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</table>

| Total | 49,924,179 | 67,441,044 |

| 172,515 | 19,684 |
| 172,515 | | |

---

Meeting #417-148

BIENNIAL BUDGET REQUEST 1975-1977

Estimated: 1973-1975

Proposed: 1975-1977

Increase Over: 1973-1975

August 28, 1974
BIENNIAL BUDGET REQUEST 1975-1977

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>$5,269,721</td>
<td>$8,512,615</td>
<td>$9,061,539</td>
<td>$568,924</td>
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<td></td>
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<td></td>
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<td>Federal Funds</td>
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<td>$89,135,647</td>
<td>$98,127,049</td>
<td>$8,991,402</td>
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<td>Other Funds</td>
<td>19,641,702</td>
<td>19,653,358</td>
<td>21,213,396</td>
<td>1,560,038</td>
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<tr>
<td>Budgeted Expenditures</td>
<td>$110,248,191</td>
<td>$108,250,081</td>
<td>$119,317,093</td>
<td>$11,067,012</td>
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<tr>
<td>Reversions/Transfers</td>
<td>$(211,587)</td>
<td>$(30,000)</td>
<td>$(31,000)</td>
<td>$(1,000)</td>
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<tr>
<td>Ending Balance</td>
<td>$8,512,615</td>
<td>$9,081,539</td>
<td>$9,135,891</td>
<td>$54,352</td>
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<tr>
<td>FTE Staff</td>
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<td>1,076.32</td>
<td>1,124.39</td>
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<td>Classified</td>
<td>816.05</td>
<td>745.96</td>
<td>768.52</td>
<td>22.56</td>
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Expenditures by Institution

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>UO</td>
<td>$38,349,535</td>
<td>$35,005,115</td>
<td>$36,000,000</td>
<td>$994,885</td>
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<tr>
<td>OSU</td>
<td>33,650,329</td>
<td>31,200,000</td>
<td>36,500,000</td>
<td>5,300,000</td>
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<td>PSU</td>
<td>6,507,630</td>
<td>6,283,789</td>
<td>7,632,566</td>
<td>1,348,777</td>
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<td>OCE</td>
<td>2,551,624</td>
<td>2,588,159</td>
<td>2,625,000</td>
<td>36,841</td>
</tr>
<tr>
<td>SOC</td>
<td>1,493,744</td>
<td>1,368,000</td>
<td>1,406,972</td>
<td>38,972</td>
</tr>
<tr>
<td>ESC</td>
<td>986,598</td>
<td>932,106</td>
<td>997,130</td>
<td>65,024</td>
</tr>
<tr>
<td>OIT</td>
<td>607,943</td>
<td>712,916</td>
<td>821,645</td>
<td>108,729</td>
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<td>UOMS</td>
<td>20,121,343</td>
<td>22,592,982</td>
<td>25,383,215</td>
<td>2,790,233</td>
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<tr>
<td>UODS</td>
<td>1,521,006</td>
<td>1,785,898</td>
<td>2,020,600</td>
<td>254,702</td>
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<tr>
<td>TR</td>
<td>1,333,945</td>
<td>1,500,000</td>
<td>1,500,000</td>
<td></td>
</tr>
<tr>
<td>OEOPBS</td>
<td>136,734</td>
<td>823,003</td>
<td>400,000</td>
<td>(423,003)</td>
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<tr>
<td>CA</td>
<td>137,422</td>
<td>116,617</td>
<td>172,000</td>
<td>55,383</td>
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<td>Coop. Extension Service</td>
<td>1,565,120</td>
<td>2,096,621</td>
<td>2,474,765</td>
<td>378,144</td>
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<tr>
<td>Division of Continuing Ed</td>
<td>895,538</td>
<td>832,527</td>
<td>972,878</td>
<td>140,351</td>
</tr>
<tr>
<td>Crippled Children's Division</td>
<td>389,680</td>
<td>412,348</td>
<td>410,322</td>
<td>(2,026)</td>
</tr>
</tbody>
</table>

Total                        | $110,248,191     | $108,250,081        | $119,317,093        | $11,067,012            |
Program Narrative

The Education and General Services program of the Department of Higher Education is the central focus of the activities of the Department. It includes seven functions:

1. Instruction and departmental research,
2. Extension and public services,
3. Libraries and museums,
4. Student services,
5. Physical plant operation and maintenance,
6. General administration,
7. General institutional support.

It does not include the auxiliary activities, statewide public services, the activities funded by grants or contracts, or the service departments.

In the development of the 1975-1977 request for support of the Education and General Services program, the Board has sought to assure that the request fully recognizes the realities of higher education as it enters the last quarter of the 20th century. The days of rapid enrollment growth are apparently past; enrollments over the next five years will decline somewhat and then rise quite slowly, followed by a further decline: essentially a stable pattern. The changing expectations of students and society require program modifications to extend educational opportunity to a wider age-range of students, in non-traditional locations, through a curriculum that is responsive to new requirements. Yet, there are no abrupt changes proposed; only disciplined evolution. The budget decisions are intended to permit the maintenance of a dynamic program.

A Stable Base

If a dynamic program is to avoid erratic gyration, it must have a stabilizing element—an adequate base. In addition, therefore, to adjustments for changes in enrollment and for the effects of inflation, the Board has authorized two special adjustments to the base budget on which it requests favorable action. One is for improved support of equipment replacement, to preserve program adequacy; the other is for added funds to preserve program quality at institutions that have experienced unexpectedly severe enrollment declines.

1. Equipment replacement

The inventory of "Education and General Services" equipment at the four-year institutions is in excess of $50 million. The annual expenditures for equipment replacement in 1974-75 totalled $1,088,324; in 1975-74, the budgeted amount was $1,317,251. This implies that, on the average, a piece of equipment would be replaced every 41 years.

The Board authorized a request for a biennial increase of $1,470,958 which would reduce the period to 26 years. The Board has declined to seek further amounts pending analyses that will indicate expectations concerning the extent to which equipment needs are met in connection with capital construction projects, or by gift or grant funds. Such analyses are being conducted in cooperation with the Foundation for Oregon Research and Education (FORE).

It is anticipated that the request may be modified through establishment of formal replacement schedules and, possibly, by a recommendation for increased use of lease arrangements.
2. Program maintenance

In 1973, when the enrollment experience of 1972-73 required substantial downward revision of enrollment forecasts, it became clear that proportional reduction of expenditures would have adverse effects on program quality and future enrollments. The Ways and Means Committee made specific allowance for added funding at Eastern Oregon State College in 1973-1975, providing for an appropriation that would have been adequate for 1,491 students, despite an enrollment forecast to be 1,312.

The added funds permitted the continuance of programs that would otherwise have been discontinued (to the likely detriment of future enrollment) and averted termination of faculty without adequate notice.

At Portland State University, Oregon College of Education, and Southern Oregon College, similar estimates of declining enrollment posed similar problems. It became necessary in 1973-74 to allocate funds specifically to avoid giving untimely notice to faculty being terminated as a result of the enrollment reductions. Such funds were required also for 1974-75, with an added concern for avoiding disruption of programs deemed essential to the missions of these institutions. The avoidance of disruption seemed especially logical, in view of the anticipation that all three institutions can be expected to begin to show enrollment increases by 1977. The following table depicts the enrollment trends:

Table 1

<table>
<thead>
<tr>
<th></th>
<th>Portland State University</th>
<th>Oregon College of Education</th>
<th>Southern Oregon College</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74 Budget Plan</td>
<td>9,338</td>
<td>3,160</td>
<td>3,891</td>
</tr>
<tr>
<td>Actual</td>
<td>8,674</td>
<td>2,965</td>
<td>3,728</td>
</tr>
<tr>
<td>1974-75 Budget Plan</td>
<td>9,338</td>
<td>3,132</td>
<td>3,878</td>
</tr>
<tr>
<td>Current Estimate</td>
<td>8,257</td>
<td>2,706</td>
<td>3,670</td>
</tr>
<tr>
<td>1975-76 Estimated</td>
<td>8,032</td>
<td>2,558</td>
<td>3,651 (3)</td>
</tr>
<tr>
<td>1976-77 Estimated</td>
<td>7,984 (1)</td>
<td>2,460 (2)</td>
<td>3,668</td>
</tr>
</tbody>
</table>

(1) PSU enrollment is expected to grow to 8,625 by 1981-1983.
(2) OCE enrollment is expected to grow to 2,617 by 1981-82.
(3) SOC enrollment is expected to grow to 3,923 by 1980-81.

The transition funds authorized by the Board for 1974-75 amounted to:

$725,154 for Portland State University
$442,698 for Oregon College of Education
$339,237 for Southern Oregon College.

In preparing for the 1975-1977 budget request, the starting point was the legislatively-approved budget for 1974-75. The first adjustment is to reduce the budget allocation to reflect the reduced number of students now anticipated as a result of actual 1974-75 experience, as shown in Table 1. The data may be summarized as follows:
Table 2

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland State University</td>
<td>9,338</td>
<td>8,032</td>
<td>7,984</td>
<td>$2,986,466</td>
</tr>
<tr>
<td>Oregon College of Education</td>
<td>3,132</td>
<td>2,558</td>
<td>2,460</td>
<td>1,317,976</td>
</tr>
<tr>
<td>Southern Oregon College</td>
<td>3,878</td>
<td>3,651</td>
<td>3,668</td>
<td>466,572</td>
</tr>
</tbody>
</table>

After study at each institution, funds have been requested to partially offset these budget reductions and thus permit minimum program maintenance.

Table 3

<table>
<thead>
<tr>
<th>Proportional Budget Reduction</th>
<th>Proposed Program Maintenance</th>
<th>Net Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portland State University</td>
<td>($1,093,440)</td>
<td>$1,893,026</td>
</tr>
<tr>
<td>Oregon College of Education</td>
<td>($625,200)</td>
<td>692,776</td>
</tr>
<tr>
<td>Southern Oregon College</td>
<td>($134,660)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>($2,319,872)</td>
<td>$2,451,142</td>
</tr>
</tbody>
</table>

The net increase at Southern Oregon College is a result of the fact that the College's funding has been at a significantly lower level than at the other colleges, at least partially because of 1973-74 budget reductions that cut sharply into the institution's programs. The proposed restoration at Southern Oregon College is deemed essential to permit the institution to maintain essential programs.

On a straight proportional funding basis, the enrollments to be funded by the requested budget, including the program maintenance funds, would be 8,470 at Portland State University, 2,750 at Oregon College of Education, and 3,950 at Southern Oregon College. Only Portland State University will reach these levels (8,569 in 1980-81).

While recommending these program maintenance funds, the Board has also directed a major review of the methods by which institutional budget requirements are to be ascertained. The study being conducted by an interinstitutional committee on resource allocation, is expected to result in a comprehensive revision of the approach to institutional budgeting. Accordingly, the program maintenance funds requested for 1975-1977 may be found adequate to support a lesser or greater number of students.

The detailed needs to be met by the program maintenance funds are described in separate documents prepared for each of the three institutions.

Workload Increases

The workload increases found in the Education and General Services program do not include enrollment changes for the regular academic year at the colleges and universities. These are taken into account in the base budget calculations on a cost-per-student basis. The workload increases for summer session enrollments have been calculated and included.
Funds for 21 academic positions at the Medical School are included. These are related to enrollment increases, in accord with a 1967 plan. Five additional academic positions at the School of Nursing are required by an enrollment increase of 49 FTE. Library and administrative services at the Health Sciences Center have also demonstrated workload increases.

The other workload increase item is to provide Oregon Educational and Public Broadcasting Service with mail handling service no longer available through the Division of Continuing Education.

Program Improvements

The "new building operation and maintenance" portion of the program improvement requests is self-explanatory except for the proposal to provide General Fund support for maintenance and operation of those portions of the student unions at the University of Oregon, Portland State University, Oregon College of Education, and the University of Oregon Medical School that are used for general educational purposes. Similar provision has previously been made for Oregon State University, Southern Oregon College, and Eastern Oregon State College and is to be continued. Operation of those portions of student unions used for revenue-producing activities are funded from such revenues. The Attorney General has been asked for an opinion as to the constitutionality of the use of General Fund appropriations for the operation of buildings constructed in part with bond borrowings under Article XI-F(1).

Other program improvements are described in detail in the institutional requests. The tentative department-wide priority is as follows:

1. New degree programs  
   Three such programs have received Board approval:  
   a. Nursing baccalaureate at SOC  
   b. Graduate endodontics at UODS  
   c. Veterinary medicine at OSU  

   This involves a tri-state consortium with Idaho and Washington.

2. Computer services  
   This is the first of four computer services items that are essential to implementation of a department-wide plan for provision of computer services for instruction, research and administration.
   a. Continuation of 1974-75 level of operations  
   b. Student Information Systems  

   Portland State University, the University of Oregon, and Southern Oregon College are in the process of specifying and planning for implementation of student information systems authorized in 1973. This item provides for completion of the original plan. Nonrecurring.
3. **Released time for collective bargaining (SOC)**

   As a part of the collective bargaining process involving the Associated Professors of Southern Oregon College, it was agreed that the biennial budget request would include funds to pay the salary of 1.00 FTE professor to allow negotiating faculty time released from other assignments during the negotiating process.

4. **Institutional improvements**

   To avoid the apparent presumption of establishing centrally a list of detailed intra-institutional priorities, the Board authorized the institutions to identify, within a limitation of one percent of its base budget, those program improvements it deemed of highest need. The Statewide Public Services were authorized to request $1,725,767 under a two percent guideline.

5. **UO Law School**

   Special support for the University of Oregon Law School is recommended, primarily in library and administrative services.

6. **Academic computing (institutional resources)**

   To provide additional computer terminals at all institutions except the University of Oregon Medical School and added support staff at all institutions except the University of Oregon and Oregon State University.

7. **Degree courses in nonurban areas (DCE)**

   (See Statewide Public Services.)

8. **Continuing education for nurses**

   $179,000

9. **Council on Economic Education**

   $71,652

10. **Energy-related research**

    The Board suggests that $500,000 be allocated to the universities in response to specific plans for energy-related research. It is anticipated that the funds would be used largely for exploratory and research design purposes, with other agencies, public and private providing additional funds. Illustrative detail has been provided by the University of Oregon and Oregon State University and is referred to in the Centralized Activities budget request.

11. **Staff restorations**

    Funds that would be required to restore the student/teacher staffing patterns approximated in 1970-71 at the University of Oregon, Oregon State University, and Southern Oregon College would be more properly classified as program restoration than program improvement. The amount requested is based on a 21:1 lower division relationship, 16:1 for upper division, 14:1 for first-level and 7:1 for second-level graduate students. Such ratios will be achieved with "program maintenance" funds at the other institutions.

12. **Office of Educational Systems**

    The administration of a departmental computer services plan requires a support staff adequate to provide the necessary planning and coordination.
13. **OEPBS instructional enrichment**  
$175,000

Without additional resources, the Oregon Educational and Public Broadcasting Service cannot expand the usefulness of the broadcast media for instructional purposes. The funds requested will serve this purpose.

14. **UOMS hospitals and clinics**  
$1,854,759

(See Statewide Public Services.)

15. **Research-instruction computer**  
$1,012,682

If forecasts of increased usage of computers in 1975-1977 are to be met, a major hardware acquisition will be required.

16. **Community psychiatry (UOMS)**  
$134,800

This is proposed as an added facet of the Medical School offerings.

**Impact of the Total Budget Request on Cost-Per-Student**

The effect of this biennial budget request is displayed on the tables which follow this program narrative. For the cost-per-student institutions, the trend is as follows:

<table>
<thead>
<tr>
<th>Annual Cost-Per-Student</th>
<th>The Colleges and Universities</th>
<th>Oregon Institute of Technology</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973-74</td>
<td>$1,753.24</td>
<td>$2,490.76</td>
</tr>
<tr>
<td>1974-75</td>
<td>1,878.51</td>
<td>2,432.36</td>
</tr>
<tr>
<td>1975-76</td>
<td>2,046.50</td>
<td>2,592.06</td>
</tr>
<tr>
<td>1976-77</td>
<td>2,074.05</td>
<td>2,609.67</td>
</tr>
</tbody>
</table>

The figures for 1975-76 and 1976-77 would be revised upward to some extent by the allocation of the funds presently proposed to be budgeted to the Board (perhaps adding $30 to $35 to the cost per student) and more substantially as a result of salary adjustments.
## Education and General Services

**Expenditure Distribution and Cost Per Student**  
**Biennium 1971-1973**

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>Cost for Instruction</th>
<th>Summer Session</th>
<th>Extension</th>
<th>Sea Grant</th>
<th>Other</th>
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### Cost Per Student

**Year, 1971-72**

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<th>PSU</th>
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**Year 1972-73**

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<td>$1,374.63</td>
<td>$1,182.23</td>
<td>$1,272.16</td>
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### Expenditure Distribution and Cost Per Student
#### Year 1973-74

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<th>Summer Session</th>
<th>Extension</th>
<th>Sea Grant</th>
<th>Other</th>
<th>Total</th>
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<tr>
<td>UO</td>
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#### Cost Per Student

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<tr>
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<th>PSU</th>
<th>OCE</th>
<th>SOC</th>
<th>EOSC</th>
<th>COMPOSITE</th>
<th>OIT</th>
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</thead>
<tbody>
<tr>
<td><strong>Cost for Instruction</strong></td>
<td>$25,297,947</td>
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## EDUCAagION AND GENERAL SERVICES

### Expenditure Distribution and Cost Per Student

**Year 1974-75**

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<th>Expenditure Budget 1974-75</th>
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<th>Summer Session</th>
<th>Extension</th>
<th>Sea Grant</th>
<th>Other</th>
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### Cost Per Student

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<th>PSU</th>
<th>OCE</th>
<th>SOC</th>
<th>EOSC</th>
<th>Composite</th>
<th>OIT</th>
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<td>$4,963,457</td>
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## Education and General Services

### Expenditure Distribution and Cost Per Student

**Year 1975-76**

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<th>Summer Session</th>
<th>Extension</th>
<th>Sea Grant</th>
<th>Other</th>
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<th>OCE</th>
<th>SOC</th>
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August 28, 1974
## Education and General Services
### Expenditure Distribution and Cost Per Student
#### Year 1976-77

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Board Discussion and Action

Mr. Holmer indicated that three programs were not included in the budget detail presented in the report: (1) Acupuncture research at the Health Sciences Center; (2) supplemental funds for the Cooperative Extension Service; and (3) the budget for establishment of regional development institutes at Eastern Oregon State College and Southern Oregon College as approved by the Board at its meeting on July 23, 1974. Mr. Holmer also outlined modifications to the budget as a result of previous discussions and policy decisions.

The requests for acupuncture research and the Cooperative Extension Service appear as separate items in these minutes. The budgets for the regional institutes will be submitted on the basis of the July 23 Board action.

Mr. Westerdahl said the request for computer services should be considered within the context of the full computer program at the time of the further review of the biennial budget in October.

The Board approved the budget as presented, with the understanding that the requests for computer services and the restoration of funds to the Cooperative Extension Service would be included in the budget forwarded to the Executive Department, subject to further review and approval by the Board at a subsequent meeting. It was also understood that the priority listing was subject to change as the Board reviews the most critical needs prior to the legislative session. Mrs. Johnson abstained from voting. She indicated that she recognized the need to forward a budget but she was concerned about some of the policy decisions incorporated in the requests, particularly with reference to enrollment forecasts and maintenance of programs.

(Considered by Committee on Instruction, Research, and Public Services, August 28, 1974; present--Stewart, Johnson, Joss, Madden, Mosser.)

Staff Report to the Committee

The University of Oregon Medical School requests approval by the Board of two budgets for the establishment and maintenance of an acupuncture research center to study the clinical uses of acupuncture, one, in the amount of $70,350, to cover the study from September 1, 1974, through June 30, 1975; the second in the amount of $135,284, to cover the 1975-1977 biennium. If the Board approves these budgets, the Chancellor will present the September 1974-July 1975 budget to the Emergency Board; the second budget will be presented to the 1975 Legislative Assembly. The two budgets are attached.

The University of Oregon Medical School request stems from the following circumstances:

The 1973 Legislature enacted a law (ORS Chapter 451) which provided that:

(1) The performance of acupuncture for the purpose of demonstration, therapy, or the induction of analgesia by a person who is not a physician licensed under this chapter is not a violation of this chapter if the acupuncture is performed under the supervision and control of a physician licensed under ORS Chapter 677.

(3) Records of the diagnosis, treatment and patient response to acupuncture shall be maintained and submitted upon request to an appropriate committee of the Oregon Medical Association or to the University of Oregon Medical School for study. (Emphasis added)

On June 19, 1974, a meeting was held in the Multnomah County Public Health Department building in Portland at the instigation of a number of legislators. Three state senators were in attendance: Senators Carson, Burbidge, and Hallock. Dr. Norman Bergman, chairman of the department of anesthesiology of the University of Oregon Medical School was present, representing that institution.
The senators were reportedly of the strong opinion that the University of Oregon Medical School should immediately begin a research study of the clinical use of acupuncture in an effort to identify those areas in which it might be helpful to patients. They asked that the University of Oregon Medical School draw up a budget to support such a research program for the period September 1, 1974, through June 30, 1975, and that a second budget be developed to cover the program's needs in the 1975-1977 biennium. They urged that the first budget, upon approval of the State Board of Higher Education, be presented to the Emergency Board. The second budget would be considered by the 1975 Legislative Assembly.

Establishment of Acupuncture Research Center

The attached budgets would provide support for the establishment and maintenance at the University of Oregon Medical School of an Acupuncture Research Center. The objectives of the proposed center would be to evaluate the efficacy of acupuncture therapy in a number of diseases which have objective manifestations that can be quantified and analyzed.

It is planned that initially the patient population will be derived from the clinics of the University of Oregon Medical School on a referral basis. The budget for the period September 1, 1974, through June 30, 1975, includes funds necessary to equip the facility and to operate the center for the remainder of the fiscal year.

Explanation of the budgetary needs for 1974-75 is as follows:

- Salaries are requested to cover performance of professional and clerical duties required in the acupuncture clinic. The physician supervisor would coordinate and supervise the work, including basic research. A full-time acupuncturist would perform the direct patient care activities for the 5,000 patients a year which is the anticipated patient load.

- A full-time clerk III is needed to program the information needed for the computer, to do the basic research information gathering, to book appointments, to obtain patient charts, to obtain patient information as well as to carry on other record-keeping activities.

- Computer facilities will be required for storage, processing, and analysis of the data which will be obtained.

- Travel funds are requested to permit the project director and physician supervisor to observe procedures at other acupuncture research centers.

- Consultant fees are requested because it is anticipated that the services of many individuals will be required for planning and for the initial operation of the studies. These will include: a consultant in psychology to advise on techniques of evaluating and analyzing response of patients to treatment; a consultant in statistics to advise on setting up experimental protocols; consultants in various medical fields who are knowledgeable in the specific disease areas that will be the subject of investigation.

- Equipment requests are for those items which are necessary to operate the facility and also to confirm diagnosis in patients, and to evaluate the results of treatments. For instance, an oscilloscope is required in order to study the effects of different electrical wave forms which might be useful in stimulation of acupuncture points. Devices will also be required for measuring changes in blood flow, joint size in range of joint motion, skin temperature, and other results which might be expected as a consequence of acupuncture therapy.
Board's Office Recommendation

The Board's Office recommended that the Board approve the budgets as submitted by the University of Oregon Medical School.

The University of Oregon Medical School reports that there is a large volume of information being published on acupuncture, but only a small fraction of what is published is based upon defensible scientific methodology.

It is the intention of the University of Oregon Medical School, if the attached budgets are approved and funded, to evaluate the results of acupuncture under controlled conditions by confining the studies undertaken to patient populations having diseases with objective manifestations which can be measured both before and after treatment. The University of Oregon Medical School cites as illustrative, a study of nerve deafness where pre- and post-treatment audiograms can leave little doubt as to the effectiveness or lack of effectiveness of the acupuncture treatment.

From Dr. Bergman's survey of the current research relating to acupuncture, it appears that there is a need for careful scientific studies in this field, and that the University of Oregon Medical School could perform a useful role in this area.
UNIVERSITY OF OREGON MEDICAL SCHOOL
BUDGET PREPARATION
NEW PROGRAM - ACUPUNCTURE
RESEARCH CENTER

September 1974 - July 1975

I. Classified Staff:
   0.5 Physicians Supervisor $12,000
   1.0 Acupuncturist 13,500
   1.0 Secretary III* 5,250
   OPE @ 15% of Wages 5,500
   $30,750

   $36,250

II. Services and Supplies:
   Computer programming and time 3,000
   Needles 500
   Travel 1,200
   Consultants 6,000
   Instructional and Reference Material 1,000
   Laboratory and X-Ray Services 7,500
   $19,200

III. Equipment (Assume Base = $0):
   Office Equipment 1,500
   Sterilization Equipment 2,000
   Oscilloscope 2,400
   Electroacupuncture Equipment (3) 1,800
   Examining Tables (2) 1,200
   Diagnostic Instruments 3,000
   $14,900

TOTAL REQUIRED $70,350

* Includes Irregular Wages
**UNIVERSITY OF OREGON MEDICAL SCHOOL**

**1975 - 1977 BUDGET PREPARATION**

**Department:** Anesthesiology

**Program:** Acupuncture Research Center

<table>
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<td><strong>I. Classified Staff:</strong></td>
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<tr>
<td>0.5 Physicians Supervisor</td>
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* Includes Irregular Wages
Discussion and Action by the Committee

Dean Holman said few studies have been done in this country to determine whether there is a scientific basis for acupuncture treatment and in what instances it might be helpful. The need for such information was the basis for the legislative direction to correlate the records and results of any work done in this field.

The Committee recommended that the Board approve the recommendation as presented on the basis that it was in response to a legislative request rather than a recommendation from the Medical School and the Committee.

Board Discussion and Action

The Board approved the recommended budgets as presented. It was understood that the 1974-75 budget would be presented to the Emergency Board for approval and, if approved, the request for 1975-1977 would be included in the budget for the coming biennium. It also was understood that the budgets were being forwarded in response to a legislative request to prepare and submit a budget for acupuncture research which would be adequate for the proposed program.

Request for Restoration of Vacant Positions, Federal Cooperative Extension Service, OSU

(Considered by Committee on Finance, Administration, and Physical Plant, August 28, 1974; present--Westerdahl, Corey, McIntyre, Snider.)

Staff Report to the Committee

During the State Board of Higher Education's review of Extension Service's 1973-1975 budget request, the Board altered the base budget revenue. The State General Fund support of Extension Service was restricted to the same level of general fund support as 1971-1973. The Board instructed Extension Service to seek Other Funds (non-state general fund monies) to supplant the loss of general fund monies, and increased their expenditure limitation on Other Funds. In addition to this action, the Board approved two specific program improvements (i.e., two Forestry Extension Positions, and two Family Living Extension Positions). This action reduced the Extension Service 1973-1975 base budget level by $343,325 in State General Funds. Governor McCall reinstated $50,000 in State General Funds which narrowed the loss to $293,325. The legislature approved the Governor's request.

The Extension Service did seek and obtain Other Funds in line with the Board's instructions. However, these new Other Funds were specifically marked for new programs, such as: $17,318 annually for the Oregon Coastal Conservation and Development Commission, $17,955 annually for Tillamook County Community Resource Development, etc. Only one existing Extension Service activity was actually switched over to Other Funds, $10,277 annually of temporary federal monies were made available in substitution for General Fund monies in Linn and Lane Counties (from July 1, 1974, through June 30, 1977).

The net impact on the Extension Service's basic education program has been a cut of seven County Agents and four Extension Specialists, plus their related support costs. The fiscal impact is a loss of $272,771 ($293,325 - [$10,277 X 2 years]), excluding any inflation costs for 1975-1977.

Oregon State University requests a budget restoration of $272,771 in state general funds to Extension Service for their 1975-1977 basic educational program. This restoration of 1971-1973 level should be in addition to the program improvements already approved by the Board.

Staff Recommendation to the Committee

It was recommended that the request be approved.

Discussion and Recommendation by the Committee

Mr. Joseph Cox, Director of the Cooperative Extension Services, indicated that the request for restoration of the funds for these positions was in response to concern expressed by the people in the communities where the positions were left vacant.
President MacVicar stated that the investment in the Cooperative Extension Service could be demonstrated to bring a significant return in terms of state revenue.

Mr. Cox said the positions which would be restored in the request did not include a marketing specialist but did restore a position in southern Oregon.

Mr. Westerdahl indicated he would favor deferring action on the request until the final consideration of the full biennial budget immediately prior to the legislative session.

In response to a question, Mr. Cox said the request had not been included in previous budget presentations because it resulted from discussions with clients and legislators. Mr. Westerdahl commented that requests for financing of programs with popular appeal frequently have substantial outside pressure for approval. He said the Board should look at the full budget for the Extension Service, allocate a certain amount, and grant authority to operate within that allocation.

Mr. Westerdahl said it is difficult for the Board to evaluate individual positions. He also requested a detailed analysis of the effort to offset costs through user fees.

The Committee deferred final action on the request until the biennial budget is considered further just prior to the legislative session.

It was understood the request would be submitted to the Executive Department with the notation that the request had been made but not yet approved by the Board.

Board Discussion and Action

The Board concurred in the Committee action to review the request in connection with the final consideration of the biennial budget.

(Considered by Committee on Instruction, Research, and Public Services, August 28, 1974; present--Stewart, Johnson, Joss, Maden, Mosser.)

Staff Report to the Committee

Mr. Stewart indicated that a report on the Federal Cooperative Extension Service at Oregon State University had been prepared for the Committee.

President MacVicar said the Cooperative Extension Service was created as a result of federal legislation and has been at Oregon State University under stipulations of both federal and state legislation since 1914. He said it is a major educational service to the citizens of Oregon. President MacVicar then requested Mr. Joseph Cox, Director of the Extension Service to make the formal presentation concerning the program.

Mr. Cox said the historical mission of the Extension Service is the extension of knowledge from the university by providing useful information to farmers, homemakers, and youth.

Mr. Cox then described some of the major programs of the Cooperative Extension Service. These include agriculture, domestic science, 4-H youth, forestry, marine extension, community development, and family living.

Mr. Cox said the county agents located in the communities are backed by a group of specialists located on the campus. These specialists are responsible for translating research into a form usable by the county agents. Volunteers who assist in the program are an extremely important element in the program.

Mr. Cox stated the requirements set by affirmative action planning are presenting some difficulties in terms of hiring minorities because of the time and money required in order to recruit individuals with the competencies needed for certain positions.
Mr. Cox explained the requests for personnel and program improvements in the 1975-1977 biennial budget. He also referred to a request to the Committee on Finance, Administration, and Physical Plant for the restoration of vacant positions.

There was a brief discussion of the method of budgeting for positions when they may be required for short periods only. It was indicated that some shifting of positions occurs as one project is completed and a new one is required.

President MacVicar concluded by emphasizing the value to the state in additional productivity and revenue as a result of the Extension Service programs.

Discussion and Recommendation by the Committee

The Committee recommended that the Board initiate a full in-depth review by a citizens group of the entire program of the Federal Cooperative Extension Service.

Board Discussion and Action

Upon motion by Mrs. Johnson, the Board considered the Committee recommendation that the Board establish an outside committee to review the activities of the Federal Cooperative Extension Service program in all of its facets and to make recommendations which may be in competition with or duplicative of other activities.

The appointment procedure and membership of the committee, scope of its investigation, and the timing of the report were considered. It was agreed that the Chancellor and President MacVicar would prepare a proposal for consideration by the Board at its September meeting. The proposal, together with possible alternatives, should reflect the objective of a careful analysis of the extension operation to determine any necessary changes in the funding, program or organizational structure.

At the request of President Mosser, Mr. Joss presented the following resolution in memory of Dean Emeritus D. W. E. Baird, former dean of the University of Oregon Medical School, who died on July 28, 1974:

RESOLUTION
IN MEMORY OF
DR. D. W. E. BAIRD, DEAN EMERITUS
UNIVERSITY OF OREGON MEDICAL SCHOOL

WHEREAS, Dr. David W. E. Baird, served with distinction as a medical educator for half a century, 26 of those years as Dean of the University of Oregon Medical School; and,

WHEREAS, under his leadership from 1943 until 1968, the medical school grew from a small institution of 14 full time faculty and 657 students to a $50 million institution with 200 faculty and 1,200 students; and,

WHEREAS, such significant additions to the medical-education complex as the nine-story medical research building and the 14-story teaching hospital were accomplished; and,

WHEREAS, research and public service accomplishments during Dean Baird's administration were important milestones in medical education and health sciences, improving the quality of health both in Oregon and throughout the nation; and,

WHEREAS, Dean Emeritus Baird died on July 28, 1974;

NOW, THEREFORE, BE IT RESOLVED THAT the State Board of Higher Education, meeting in Portland on August 28, 1974, again take public recognition of his distinguished career in the furtherance of health education to which the medical school, the Department of Higher Education, and the State of Oregon are deeply indebted; and, further,

BE IT RESOLVED THAT the Board, speaking collectively and individually, express sympathy to his wife, Mary, and other members of his family upon their loss in the death of Dean Emeritus Baird.
Meeting #417-169

August 28, 1974

PRESIDENT'S REPORT

President Mosser said the Attorney General had issued an opinion that Article XI-F(1) bonds may be used as outlined in the resolution adopted by the Board for the Department of Environmental Quality Facilities in lieu of parking in Science II at Portland State University.

Attorney General's Opinion on Use of Article XI-F(1) Bonds

Mr. Hunderup indicated that a request will be presented to the Emergency Board on September 12-13, 1974, for planning funds to assist with this project.

Next Meeting Dates

President Mosser announced that the next Board meeting would be held at 9:00 A.M. September 24, 1974, on the campus of Oregon College of Education, Monmouth, Oregon. The morning meeting will be followed by the joint meeting with the Board of Education and the Educational Coordinating Council in the afternoon in Salem. Mr. Mosser said Mr. Snider is representing the Board on the Committee formulating the agenda for the joint meeting.

Executive Session

Upon motion by Mr. Westerdahl, the Board voted unanimously to call an Executive Session for 12:00 Noon during the Board luncheon at the Ione Plaza, Portland, Oregon, to consider a personnel matter. All Board members were present, with the exception of Mr. Layman.

ADJOURNMENT

The Board adjourned at 11:45 A.M.

D. R. Larson, Secretary
Oregon State Board of Higher Education