A regular meeting of the State Board of Higher Education was held in the Ballroom, Erb Memorial Union, University of Oregon, Eugene, Oregon.

The meeting was called to order at 8:30 A.M. (P.S.T.), November 18, 1977, by the President of the Board, Mr. Louis B. Perry, and on roll call the following answered present:

- Mr. Les Anderson
- Mr. Jonathan A. Ater
- Mrs. Jane H. Carpenter
- Mrs. Ruth Daniels
- Mrs. Betty Feves
- Mr. Edward C. Harms, Jr.

Absent: None.

OTHERS PRESENT

Centralized Activities--Chancellor R. E. Lieuallen; Acting Board Secretary Wilma Foster; Freeman Holmer, Vice Chancellor for Administration; J. I. Hunderup, Vice Chancellor for Facilities Planning; Miles C. Romney, Vice Chancellor for Academic Affairs; E. Rex Krueger, Vice Chancellor for Educational Systems; W. T. Lemon Jr., Vice Chancellor for Personnel Administration; Edward Branchfield, Assistant Attorney General; Melinda Grier, Compliance Officer; Diane Richardson, Assistant Director, Public Services and Publications; Richard Zita, Director, Public Services and Publications; John Richardson, Assistant Chancellor, Public Services and Publications; Robert Fritsch, Architectural Consultant; Ross Hall, Controller; Gary Powell, Director of Internal Audits Division; Ken Jones, Special Assistant to the Vice Chancellor for Administration; Jan Young, Administrative Intern; Cindy Sullivan, Secretary; Jan Lindsay, Administrative Assistant; Francetta Carroll, Administrative Assistant; Karen McMeeney, Administrative Assistant.

Oregon State University--President R. W. MacVicar; M. Popovich, Vice President for Administration; Larry Jones, American Council on Education/Bush Foundation Fellow.

University of Oregon--President William B. Boyd, Ray Hawk, Vice President for Administration and Finance; Don Powell, Assistant to the Dean of the Graduate School; Bob Bruce, Director, News Bureau; Gerry Tyler, American Council on Education Fellow; Dan Valentine, Visiting Assistant Professor of History; Richard Weinraub, Instructor, English; Jahja Muhammad Nkrumah, Instructor, High School Equivalency Program.

University of Oregon Health Sciences Center--Acting President Richard T. Jones; Robert Peterson, Vice President for Administration and Finance; Victor Menashe, Director, Crippled Children's Division; Jerry Elder, Assistant Director, Crippled Children's Division.

Portland State University--President Joseph Blumel; James Todd, Vice President for Finance and Administration.

Oregon College of Education--President Gerald Leinwand.

Eastern Oregon State College--President Rodney Briggs; James C. Lundy, Business Manager.
Southern Oregon State College--President James K. Sours.

Oregon Institute of Technology--President Kenneth F. Light; W. M. Douglass, Dean of Administration.

Others--Edith Maddron, member, Oregon Educational Coordinating Commission; T. K. Olson, Executive Director, Oregon Educational Coordinating Commission; Maxine Warnath, representative, Interinstitutional Faculty Senate; Myron Kinberg, Rabbi, Temple Beth Israel; Thami Milambo, African National Congress; Robert Swan, Minister, Unitarian Universalist Association; Bill Nelson, Executive Secretary, American Association of University Professors; Barbara Odegaard, La Grande; Elizabeth Groff, American Friends Service Committee; Valerie McIntyre, former Board of Higher Education member; Douglas Humeke, Chaplain, Campus Christian Ministry; Betty Luginbill, United Methodist Church; Robert Liberty, Legislative Coordinator, Oregon Student Lobby; Marion Barnes, Director, Office of Clergy and Laity Concerned; 60 additional persons were present to hear the testimony on the Southern Africa Neutrality and Human Rights issue and to express support for divestment of Board investments in corporations doing business in countries of southern Africa.


MINUTES APPROVED

The Board voted to dispense with the reading of the minutes of the regular Board meeting held on September 30, 1977, and approved them as previously distributed. The following voted in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, and Perry. Director Wyss was absent from the meeting at this time.

CHANCELLOR'S REPORT

W. Foster, Appointment as Acting Secretary

The Chancellor reported that the position of Board Secretary and Assistant Chancellor was vacant as a result of the retirement of Mr. D. R. Larson. He indicated there was no present plan to fill the position of Assistant Chancellor, but it was necessary to fill the position of Board Secretary. He recommended the appointment of Miss Wilma L. Foster, as Acting Board Secretary, effective retroactively to November 1, 1977.

The Board approved the recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, and Perry. Director Wyss was absent from the meeting at this time.

Conceptual Studies for Alterations to Campus Services Building for Hospital Computer Services, UHSC

(Considered by Committee on Finance, Administration, and Physical Plant, October 21, 1977; present--Ingalls, McLaurin, Ater, Moore, Perry.)

Staff Recommendation to the Committee

It was recommended that the conceptual studies for alterations to a portion of the fifth floor of the Campus Services Building at the University of Oregon Health Sciences Center, as prepared by the SRG Partnership, P.C., architects, for the proposed hospital computer service facilities be approved and that the appropriate Board officials be authorized to proceed with the project within an expenditure limitation of $350,000 subject to the approval of the Emergency Board of a request for funds in the amount of approximately $320,000. The remaining $30,000 of the expenditure requirements would be provided from resources available for the correction of safety deficiencies authorized by the 1977 Legislature.
Discussion and Recommendation by the Committee

In response to a question concerning comparative costs, Mr. Hunderup said in the long term the proposed action was the best and most economically-feasible solution for housing the computer services. The projection of space requirements to be rented would cost $14,000 to $15,000 per month which would soon reach the amount required for the alterations. Consequently, the Executive Department indicated to the Chancellor that it would be extremely desirable to identify a permanent campus location for the computing operation. Other alternate sites on the campus were reviewed and it was determined the proposed location would be the most satisfactory in terms of convenience and cost. Mr. Hunderup also said consensus was reached at an appeal hearing on October 13, 1977, that construction could proceed on the basis of the current building code, even though the work on the rest of the building would not be done until 1979.

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

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

As part of the long-range plan for electronic data processing at the University of Oregon Health Sciences Center, which has involved the participation and assistance of outside consultants, the Data Systems Division of the Executive Department and the Joint Legislative Committee on Data Processing as well as that of institutional officials and the Board's staff, it is necessary to replace the existing NCR 201 system for the hospital with a new computer. A request for proposals has been issued to the industry with the expectation that the new computing equipment would be installed on the fifth floor of the Campus Services Building at 710 S. W. Veterans Hospital Road, Portland. This structure was formerly used as the University Tuberculosis Hospital and currently provides temporary housing for some of the institution's computing equipment on the sixth floor. Several other portions of the building are being used for office and storage, but no change has been made in its code classification as a hospital.

Before the request for proposals for the new computing equipment was released, a comprehensive analysis was made of alternate sites, including several off-campus locations (to be leased or purchased) as well as other campus structures. Based upon many factors, such as construction/remodeling/leasing costs, site relationships to user groups, amount of space available, utilities, traffic and parking, effect on existing occupants, other potential uses for space, and effects on internal organization of the computer department, the Campus Services Building location received the highest ranking.

Upon the recommendation of institutional officials and in accordance with the provisions of AR 70.146, arrangements were made for the professional services of the SRG Partnership, P.C., architects, Portland, and their engineering consultants, in making a feasibility study and preliminary cost estimate for accommodating the proposed computing facilities within the Campus Services Building. After extensive discussions with representatives of state and local governmental agencies having jurisdiction over fire and building safety codes, the architects have rendered a report which outlines the scope of work to be undertaken initially on the fifth floor to house the computer and support functions and have projected the requirements for future remodeling to bring the building into substantial compliance with code provisions applicable to office structures. Technically, a change in occupancy requires that the entire building meet code standards, but efforts are being made through the appeal process to minimize the financial impact of such changes.
Generally, the Campus Services Building is in very good condition, but its mechanical and electrical systems reflect its age (about 38 years) and prior use. The work to be undertaken at this time would be confined principally to an area of approximately 3,000 square feet of usable space on the fifth floor. This section formerly housed the operating, sterilizing and X-ray suites for the Tuberculosis Hospital. It would include the demolition of existing interior non-bearing walls, the construction of new partitions, the installation of a special elevated modular floor system at the computer room with accessible service and utility plenum below, a new suspended ceiling system, and mechanical and electrical system revisions necessary for the proposed use. The expenditure requirements for the remodeling are estimated to be $350,000, of which $274,200 is for direct construction costs. Because a portion of the work, such as the installation of a fire suppression system, relates to the correction of safety deficiencies within this space, it is proposed that $30,000 be financed in equal shares from the General Fund appropriation and Article XI-G bond borrowings authorized by Chapter 560, Oregon Laws 1977. The remaining $320,000 would be requested from the State Emergency Board.

Items identified for the correction of safety deficiencies in other areas of the Campus Services Building would be deferred to 1979-1981 as part of the next phase of the planned program to fulfill the requirements of the Oregon Safe Employment Act. Most of such work would be required as a consequence of changing the classification of the building from hospital (D-2) to office (F-2) occupancy. Although final determinations have not been made pending the review by the Appeals Board of the City of Portland, it is understood that the phasing of the remodeling would be acceptable to representatives of state and local governmental agencies having jurisdiction over such matters provided that efforts will be made to secure the necessary funding as part of the Board's 1979-1981 capital construction program.

If the financing plan for the initial remodeling is approved by the Committee, the Board and the State Emergency Board, it is anticipated that the work would begin early in 1978 with a scheduled completion in the fall of 1978. This conforms to the timed arrival and installation of the new computer equipment for which the proposals are now being solicited.

Report of PSU on First Year of Operation of MPA Program and on Cooperative Relationships with MPA Program of Lewis and Clark College

(Considered by Committee on Instruction, Research, and Public Service Programs, October 21, 1977; present--Carpenter, Feves, Daniels, Harms, Wyss.)

The Board's Office presented a report prepared by Portland State University on the first year of operation of its master's degree program in public administration (master of public administration), with specific reference to the close working relationships which have been developed with the Lewis and Clark College master of public administration program. The full report is on file in the Board's Office.

The report was made at the request of the Board's Committee on Instruction, Research, and Public Service Programs, that the Board's Office report experience with the MPA program at Portland State University following the first year of its operation.

Staff Recommendation to the Committee

The Board's Office recommended:

1. That the Board's Committee accept this report as fulfilling the Committee's request for a report on the Portland State University MPA program.

2. That the Board's Committee (a) commend Portland State University and Lewis and Clark College for the continuing, successful efforts to coordinate their activities in developing the two master's degree programs in public administration, and (b) urge continuation and, where feasible and desirable, expansion of these joint efforts.
Discussion and Recommendation by the Committee

President Blumel said the success of the cooperative program was due to similarities in students and fee schedules and the proximity of the two institutions. Both Lewis and Clark College and Portland State University provide a core program with substantial electives.

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

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

In January 1976, the Board of Trustees of Lewis and Clark College and the Board of Higher Education approved master's degree programs in public administration to be offered by their respective institutions in the Portland area.

These actions were the culmination of almost a year of consultation and planning by the educational institutions in Oregon offering programs in public administration, the Oregon Chapter of the American Society for Public Administration, and the Board's Office, directed toward providing increased educational services to the large concentration of public administrators (or persons employed in positions leading to promotion to administrative positions) in the Portland metropolitan area.

During this planning stage, the faculties of Lewis and Clark College and Portland State University interested in the area of public administration worked closely together, keeping each other informed and consulting together as to how they might most effectively work together in meeting the Portland area needs for post-baccalaureate and master's degree work in public administration.

The Board of Higher Education's action authorizing the inauguration of the master of public administration program at Portland State University was predicated in part on two understandings:

1. That the bulk of the enrollment in the Portland State University program would come from full-time public employees in the Portland metropolitan area completing the work on a part-time basis during late afternoon and evening hours (whose enrollment would for this reason have little adverse effect on enrollment in the Willamette University and University of Oregon programs); and

2. That Lewis and Clark College and Portland State University would continue to work together in the coordination and articulation of their efforts in the field of public administration in order to avoid unnecessary duplication of resources and effort.

The report of Portland State University, herewith presented, speaks to the experience of the program in its first (1976-77) year of operation. It will be noted in the report:

- Approximately 100 students will be actively enrolled in the Portland State University MPA program fall term 1977, 47 new students and 50-55 students returning from 1976-77.
Sixty percent (28) of the 47 students accepted for entry fall term 197, are women.

At least two-thirds of the students enrolled in the MPA program are part-time students. Most of these are fully employed.

Class enrollments have been substantial, ranging from 9 to 42, with the result that Portland State University is having to limit enrollment in some courses to assure maintenance of instructional quality.

Many of the persons enrolled in public administration courses are not enrolled in the degree program or are pursuing graduate degrees in other areas, such as political science, business, and urban studies.

Close working relationships have been developed with the Lewis and Clark College program, including:

a. joint applications for federal grant funds which have resulted in funding of three joint grants to date;

b. a grant-supported joint visiting distinguished professorship;

c. coordination of development of specialty areas to avoid duplication;

d. encouragement of cross registration when appropriate to students' programs, including reservation of slots in courses offered jointly by the institutions for students of each program;

e. joint hiring of practitioner instructors;

f. joint responsibility for professional association activities; and

g. joint sponsorship of professional and social activities involving faculty, students, and governmental practitioners in the metropolitan area.

Staff Recommendation to the Committee

It was recommended that the schematic design phase of planning for the proposed remodeling of portions of the Smith Memorial Center at Portland State University, prepared with the assistance of Architect Philip Thompson, be approved and that the appropriate Board officials be authorized to proceed with the planning, bidding and construction within the expenditure limitation of $610,000 approved by the 1977 Legislature. Funds for this project are to be provided from self-liquidating bond borrowings and/or balances available for auxiliary enterprises.

Discussion and Recommendation by the Committee

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

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.
Staff Report to the Committee

The Board's capital construction program for 1977-1979 includes authorization to remodel various areas within the Smith Memorial Center at Portland State University to continue to enhance these facilities and improve the utilization thereof by students and their organizations. As reported to the Board on May 27, 1977, arrangements were made for the professional services of Architect Philip Thompson, Portland, and his consultants, to assist the staff in the design and contract administration of this work. One of the first assignments was the refinement of the program to limit the scope of remodeling to items of highest priority for accomplishment within the expenditure limitation of $610,000 approved by the Board and the 1977 Legislature.

As reflected in the schematic design phase of planning which institutional officials have recommended for approval, the major elements of work to be undertaken at this time would be as follows:

1. Alterations to the existing cafeteria at the main level (ground floor) of the building. Although the area for dining would remain essentially unchanged in square footage, the south half would be altered substantially in appearance by the development of dining clusters through changes in floor levels and ceiling heights in some locations, the addition of planters and kiosks, and the refurbishing of lighting, wall surfaces and floor coverings. A student store for supplies and sundries would be provided as part of the design to open the cafeteria area more to the central corridor which bisects the building north to south. The existing kitchen and the main cafeteria serving line would not be altered to any major extent, but the serving area at the south end would be restructured into a more effective scramble bar.

2. Relocation of administrative offices for the Smith Memorial Center and the University's program in Auxiliary Services from the north side of the second floor to an area near the center of the building, also on the second floor but at the east side, which had been designed and used originally as the student health service. (Facilities for the health center are located now within Neuberger Hall.) The present administrative office suite and the north portion of the student lounge would be converted into an enclosed gallery for the display of works of art, including those of students and staff members. Access to the relocated administrative office suite would be available from two stairways from the lobby adjacent to the Broadway entrance as well as from the main corridor at the second floor level.

3. Conversion of the former computer services center facilities in the southeast corner of the sub-basement level into an office suite for student organizations. Inasmuch as the computer operations have been moved to Shattuck Hall, it is proposed that the partitions within this lower level of the Smith Memorial Center be removed and that a landscaped office plan be developed to provide stations for approximately 30 persons.

4. Replacement of existing movable partitions within rooms 290, 292, 294, 296, 298, 327, 328 and 329 with more effective movable partitions which, with other modifications in these areas, are required to improve the acoustical isolation between adjacent rooms.
Alterations to an area on the east side of the main corridor on the fourth floor (Rooms 421, 459 and 460) to provide offices for international student programs and handicapped student organizations, a meeting room/lounge for students, and a vault and small viewing room for works of art held by the student center.

For these elements of work, it is estimated that the direct construction costs will be approximately $427,500. The project budget also includes an allowance of about $30,000 for re-roofing the southeast quarter of the building, but this item is not incorporated within the architect's assignment. The remainder of the project budget of $610,000 is applicable to professional services fees, furnishings and equipment, construction supervision and other miscellaneous legal and physical plant costs.

Funds required for the work are to be provided from proceeds from the sale of bonds issued under the provisions of Article XI-F(1) of the Oregon Constitution and/or from balances available for auxiliary enterprise projects, such as from excess sinking fund reserves from commingled student building fees.

RECAPITULATION UPON COMPLETION OF SCHEMATIC DESIGN PHASE OF PLANNING

Project - PSU Smith Memorial Center Remodeling
Architect - Philip Thompson, Portland
Board's priority - No. 7 in 1977-1979 (Auxiliary Enterprises)
Legislative authorization - Chapter 560, Oregon Laws 1977

Estimated total project costs

Estimated direct construction costs (excluding re-roofing of southeast quarter of the building):

Total $427,500
Average per square foot (for area of approximately 28,589 net assignable square feet to be remodeled within this project) - $14.95

Tentative schedule:
Bidding - April 1978
Completion - November 1978

Tentative financing plan:
Article XI-F(1) bond borrowings and/or balances available for auxiliary enterprises $610,000

Report on the Interdisciplinary Studies Master's Degree Program at Southern Oregon State College

At the request of the Board's Committee on Instruction, Research, and Public Service Programs, the Board's Office presented a report on the Interdisciplinary Studies master's degree program at Southern Oregon State College.

Staff Recommendation to the Committee

The Board's Office recommended:
1. That the Board accept this report as complying with the request of the Board's Committee.
2. That the Board encourage Southern Oregon State College to continue to seek assiduously to assure that programs planned with and for students under this degree authorization are well-planned, coordinated programs having discernible relationships with the student's interests and goals, and reflecting a rigor appropriate to the master's degree level.

Discussion and Recommendation by the Committee

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

Board Discussion and Action

Additional data was distributed by President Sours. He indicated that 5 students graduated in June in interdisciplinary studies. Seventeen new students entered the program in the fall of 1977 and 7 students returned, for a total of 24 students enrolled in the program this year. Of the 17 new students, 14 are emphasizing social science in some combination, two have a business emphasis, and one is a theatre arts student.

The Board approved the staff recommendations as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

In March 1976, the Board authorized Southern Oregon State College to offer the Interdisciplinary Studies master's degree program, effective 1976-77.

At the same time, the Board's Committee asked that the Board's Office render a report on the program at the end of the first year of operation (close of 1976-77). That is the purpose of this present report.

Rationale for the Program. The rationale under which the Board authorized Southern Oregon State College the program here under discussion was as follows:

1. The Board has long had a policy to the effect that when the instructional resources built up by institutions in support of a Board-authorized degree program are sufficient and of a character that they will serve some other instructional purpose, in addition to that for which they were developed, they should, with proper Board authorization, serve this dual purpose.

In the present instance, the Board's Office assured the Board that the Interdisciplinary Studies master's degree program would utilize courses already authorized Southern Oregon State College in support of other programs authorized Southern Oregon State College; that no additional assignment or reassignment of resources would be required to mount the Interdisciplinary Studies program; that the only incremental cost to the institution would be for the time given to advising of students; and that for the relatively few students involved, this advising could be absorbed in the faculty's existing loads.

2. That the Interdisciplinary Studies master's degree program would serve primarily those individuals resident in the southern region of Oregon.

3. That since the program limits to 21 the number of hours of credit in any single subject area that may be counted toward degree requirements, the Board could be assured that the programs developed under this authorization would be truly interdisciplinary, and that institutional resources would not be diverted to the development of de facto departmental graduate programs contrary to policies of the Board.
Degree requirements. The Board may recall that the requirements for the Interdisciplinary Studies master's degree program include the following:

A planned and approved program to include a minimum of a total of 45 credit hours of graduate work from at least three different subject matter areas, a minimum of 15 credit hours to be taken in a first subject area, a minimum of 9 credit hours in a related, second subject area, with an additional minimum of 9 credit hours from other subject matter areas.

A maximum of 21 credit hours may be taken in any one department, and no more than 36 credit hours from any one division. These program guidelines are summarized as follows:

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<th>First subject area</th>
<th>Second, related subject area</th>
<th>Related electives from other subject areas</th>
<th>Total Minimum Credit Required</th>
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<td>15-21 hours</td>
<td>9-18 hours</td>
<td>9-21 hours</td>
<td>45 credit hours</td>
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Within the approved program each candidate is required to complete one of the following options:

- **Option One**: Thesis, 9-12 credit hours. Approval of thesis committee, and successful completion of an oral examination over the thesis problem is required.

- **Option Two**: Graduate paper from each of two areas (or one interdisciplinary paper involving at least two areas), 6-9 credit hours. A comprehensive examination over the course work of the first and second subject area is required.

Candidates for the degree are required to meet general graduate program requirements of the institution. Each student is assigned a faculty adviser who, with two other faculty members, serves as the student's advisory committee. The advisory committee assists the student in planning a suitable program of study, officially approves the planned program, and conducts a mid-program evaluation after the student has completed 15 credit hours of work, and before completion of 30 credit hours, to assess the student's progress and advise the director of graduate studies as to whether the student should be advanced to candidacy for the degree.

In the pages which follow is presented the report of Southern Oregon State College as to their experience with the Interdisciplinary Studies master's degree program during 1976-77, the first year of the program.
MASTER'S DEGREE IN INTERDISCIPLINARY STUDIES - SOUTHERN OREGON STATE COLLEGE

Fall of 1976, the Interdisciplinary degree was initiated. Fifteen students applied for the degree fall quarter. Six of the students did not enroll. Eight more students applied for the degree winter quarter, 1977. Seven students applied for the degree spring quarter. This past summer session seventeen students were enrolled.

The students in the Interdisciplinary degree tend to be full time enrollees.

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<td>Men</td>
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<td>1</td>
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<td>Winter 1977</td>
<td>9</td>
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<td>Spring 1977</td>
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<td>1</td>
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<td>Summer 1977</td>
<td>13</td>
<td>4</td>
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One of the outstanding strengths of the Interdisciplinary Studies degree is the mid-program evaluation. After 12 credit hours of work, the student is asked to contact his two advisors and the Director of Graduate Studies and arrange for a program review. The student is requested to present a statement which shows what his major goal is and how the program will help him reach his goal. The graduate committee reviews his program. They may make suggestions for program changes in order to strengthen the program. At the beginning of his program, the student identifies one of three options: thesis, graduate paper(s), or project. At the mid-program review, he provides an outline or summary of his selected option. Again the graduate committee can offer suggestions which are helpful. At this meeting the advisor for the selected option is designated.

Seventeen mid-program evaluations have been completed.

At this point, six final oral examinations have been held. The significant factors seem to be the positive attitude of the student and the superior preparation and presentation of the selected option.

Because the student's committee has been selected the first quarter, the student has become acquainted with each member. With the mid-program evaluation, the committee becomes well acquainted with the student's selected option. The student knows who the major advisor is and the advisor is excited to be involved in the work. It is a collaborative effort.

The student makes the arrangements for his final orals. Each committee member has had time to review the final project. The student comes to his orals excited and enthusiastic to share his work. (In our General Studies orals, the student is usually over-awed, fearful of the unknown, and "up-tight".)
A brief analysis of the options completed during the first year of the Interdisciplinary might be of interest as well as serve to support the Graduate Studies objective: "The Interdisciplinary Degree is tailored to each students' individual needs. The student undertaking the degree must have particular, well-articulated goals".

A female student, who teaches dance and Eastern Philosophy at a community college, did a major paper on philosophy, developed a dance program reflecting the philosophy, and wrote the original score. The performance was well attended and enthusiastically received.

One gentleman, who retired after 20 years from the Los Angeles police force, took his degree with an emphasis in criminology. He hopes to teach criminology in a California community college. He produced a book entitled "My Flat Footed World". This will serve as a valuable textbook.

A young man with a theater arts background submitted a thesis, "A Production Book of Androcles and the Lion--A Touring Play for Children". He developed a production which was well received. He hopes to pursue a doctorate.

One young man, who has now gained admission to the Oregon Dental School, combined biology and speech communication set of courses. His two papers were an in-depth study of "Terminal Hinge Axis Techniques and Analysis of Terminal Hinge Relation". He hopes to be a specialized children's dentist.

A man, who is in administration at a California community college, completed two papers which are to be presented to the president of the college. One is a thorough presentation of a program called "Rural Outreach". High School courses are being provided for many minority students, who have not completed their diploma. The second paper was prepared for a request for federal funding of an extension of the "Rural Outreach" program. College credit classes will be offered in remote areas.

A gentleman, who has been a professional jazz pianist, has started a music store. He combined courses in English Composition, music and business. He has now published a book which should instruct a student of the piano in jazz improvisation from ragtime to contemporary. A cassette is also available. A well known female jazz pianist, who lives in Ashland, has joined in an interview and explained improvisation. She demonstrates each form on the keyboard. Hopefully, the book and tape will be a best seller.
It was recommended that the Board approve the request of the University of Oregon Health Sciences Center to accept the federal funds to undertake this project.

Board Discussion and Action

Mr. Holmer and Dr. Victor Menashe, Director of the Crippled Children's Division at the University of Oregon Health Sciences Center, described the program and its provisions.

Acting President Jones indicated that the request did not imply that the state would assume any long-term obligation in the event federal funds were discontinued. However, there is a risk that a constituency might be developed which would request that the service be continued at state expense if federal funds were no longer available.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Peves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Board

On September 15, 1977, Governor Robert Straub designated the Crippled Children's Division, University of Oregon Health Sciences Center, to be the agency to administer the program for Supplementary Security Income for children. Section 1615 of Title XVI of the Social Security Act as amended by P.L. 94-566, provides that blind and disabled children under 16 who are recipients of Supplementary Security Income will be referred to the State Crippled Children's Program to assure:

1. appropriate counseling for disabled children and their families;
2. the establishment of individual service plans for each disabled child and prompt referral to appropriate medical, educational, and social services;
3. adherence to such service plans by monitoring; and,
4. the provision of services for disabled children who are six years of age and under, or who have never attended public school, that will enhance the individual's opportunity for self-sufficiency or self-support as an adult.

Moneys for this program are disbursed on a formula basis to each state from a federal appropriation of $30 million for 1977-78. Oregon's share is calculated to be $309,000 for the fiscal year (October 1, 1977-September 30, 1978).

The history of this legislation reveals it to be a response to the fact that a large number of eligible children had not been enrolled in the SSI program, that no referral or follow-up services were being provided to enrolled children and that criteria used for determination of disability were adult criteria. Public Law 94-566 provides for referral and follow-up and establishes the bases for criteria for determining the disability of children. By history, and by current federal guidelines, the use of federal moneys appropriated to this program shall be:

1. used according to priorities given in the State Plan (currently under review by DH/HEW, Region X);
2. used to supplement services provided by agencies concerned with the disabled and not to supplant other public funds available for the same purpose;
3. expended for services required as they relate specifically to the child's disability.

The Oregon State Plan to implement this program lists the following goals:

1. To provide counseling to assure that recipients of service and their families understand the SSI program, its relationship to CCD services and the rights and responsibilities of the recipient in the care process;
2. To assure the establishment of individual service plans and prompt referral to appropriate medical, social, developmental, and rehabilitative services;
3. To monitor adherence to the individual service plans;
4. To provide services or support to implement the individual services plan.

During the first year of this program the major effort will be to develop individual service plans for all SSI recipients under age 15, to assure a coordinated rehabilitative program and to provide services not otherwise obtainable. The current listing of SSI recipients under 16 numbers 931; of these, 261 are in institutions where individual service plans are necessarily developed as a requirement for institutional qualification. Therefore, it is anticipated that at least 670 individual service plans must be established by September 30, 1978. To do this the budgeting requirements for the first year of the program are:

**Administrative**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.4 FTE SSI Coordinator</td>
<td>$9,280</td>
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<tr>
<td>1.0 FTE Assistant Coordinator</td>
<td>$16,240</td>
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<tr>
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<td>Supplies</td>
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<td>Travel</td>
<td>$2,000</td>
</tr>
<tr>
<td>Phones</td>
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<td></td>
<td>$30,900</td>
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**Patient Services**

<table>
<thead>
<tr>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>4.6 FTE Professional Staff</td>
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<tr>
<td>2.5 FTE Classified Staff</td>
<td>$26,671</td>
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<tr>
<td>Consultants</td>
<td>$16,800</td>
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<tr>
<td>Lab and X-ray</td>
<td>$33,500</td>
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<tr>
<td>Clinic Supplies</td>
<td>$6,700</td>
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<tr>
<td>Data Processing</td>
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<tr>
<td>Capital Outlay</td>
<td>$2,850</td>
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<tr>
<td>Patient Travel</td>
<td>$20,080</td>
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<td>$222,281</td>
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**Purchased Services**

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**TOTAL**

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</thead>
<tbody>
<tr>
<td></td>
<td>$309,000</td>
</tr>
</tbody>
</table>

It was recommended that the Production Technology Building at Oregon State University be named Merryfield Hall.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.
Meeting #442-15

Staff Report to the Board

At the present time, the brick building fronting on Monroe Street on the north and the walkway on the east side of Covell Hall at Oregon State University is named Production Technology Northwing and Production Technology Southwing. These names are no longer appropriate inasmuch as the Production Technology program has been disbanded and the space is being remodeled to provide offices and laboratories to serve the water resources engineering program and the environmental engineering program in the School of Engineering.

Based upon the recommendation of institutional officials, their advisory Building Names Committee and the faculty of the Department of Civil Engineering, it is proposed that this building be renamed Merryfield Hall in honor of Professor Fred Merryfield who passed away in Corvallis on March 20, 1977, at the age of 77.

Professor Merryfield had a very distinguished career at Oregon State University as an educator and a researcher following his first appointment to the faculty in 1927. He had obtained his baccalaureate degree in Civil Engineering there in 1923 and in 1930 was awarded the Master of Science degree from the University of North Carolina. He belonged to many professional organizations, wrote a number of technical papers and achieved national prominence in the field of water resources and water supply. In 1957-58 he served as national president of the American Water Works Association and in 1972-1974, was president of the International Water Supply Association. He received a number of international, national and regional awards from professional and technical societies in the water and pollution control fields, including being named Oregon Engineer of the Year in 1966.

With his colleagues, he conducted the initial studies of pollution on the Willamette River which led to the formation of the State Sanitary Authority and the pioneering laws on water pollution in this state. He served as a member of the State Water Resources Board from 1955 to 1957.

Mr. Merryfield was one of the founding partners of the engineering firm now known as CH2M/Hill and became known throughout the world as a true leader in the field of environmental engineering and water resources engineering. It is deemed appropriate that the facilities which will house the teaching and research efforts at Oregon State University in these two areas be named in his honor.

The small brick building immediately south of the Production Technology units, which formerly was used as the foundry, is being converted to research space for various projects undertaken through the Engineering Experiment Station. For purposes of location and identification, it is proposed that this structure be named Merryfield Annex simultaneously with the naming of Merryfield Hall.

(Considered by Committee on Instruction, Research, and Public Service Programs, October 21, 1977; present--Carpenter, Feves, Daniels, Harms.)

The annual report of the Marine Sciences Commission for 1976-77 was presented for consideration.

Staff Recommendation to the Committee

The Board's Office recommended that the Board accept the report of the Marine Sciences Commission, and that it express its appreciation to the members of the Commission for their continuing efforts to assist the Board in the effective development and management of State System of Higher Education coastal marine science resources. The report is on file in the Board's Office.
Discussion and Recommendation by the Committee

Dr. Romney reviewed briefly the history of the Marine Sciences Commission and introduced Dr. Aaron Novick, dean of the graduate school at the University of Oregon, Commission chairman.

Dean Novick noted that there have been no major changes in policy or programs of the State System's marine science programs and centers over the past year.

The major developments at Newport are the completion of two facilities, described in the written report, a dining/meeting room and a library/instruction building. At Charleston, the major development is preparation of a conceptual site plan, which has been cleared by local planning agencies and is now being readied for review by the Marine Sciences Commission and eventually by the Board of Higher Education.

Other developments over the past year, Dean Novick continued, are the great likelihood that the federal government will provide a fully funded building for aquaculture on the Newport site and the designation and development of the South Slough Sanctuary at Charleston. Two-thirds of the purchase of the South Slough estuary, which will be maintained in its native condition as a sanctuary, has been accomplished, and a manager has been appointed by the State Lands Division. Support for the sanctuary comes from federal, state, and private sources. The sanctuary will serve as a laboratory for the University of Oregon, Oregon State University, and other institutions and agencies throughout the northwest. The Oregon Institute of Marine Biology has appointed a research associate to develop a research program for the sanctuary.

Instruction in the System's marine science programs has been expanded by introduction of a fall term program of instruction in marine biology at the Charleston facility. In the past the Institute has offered full-term programs of instruction only during the spring and summer terms. The present schedule will provide three terms of instruction, with the fourth, winter term, used for research and individual student projects.

Mr. Wyss observed that the Newport center has about 15 students each term on a continuing basis, the Charleston center about 40, yet the Newport center has about 85-90% of budgeted funds. He said obviously there are many activities besides teaching going on at Newport.

Dr. Novick said the budgets shown do not indicate the amount of funds going for instructional purposes. There are two major research projects at Newport, the Sea Grant project of applied research and the oceanographic program, both federally funded, which account for most of the budget. The program at Charleston, on the other hand, is almost entirely instructional in nature at the present time.

Mrs. Carpenter said that in view of the vital relationship between marine and human life, she felt somewhat regretful that more students could not be served at Charleston and possibly at Newport also.

Dr. Novick said the reason there are not more students at Charleston is that there simply are not living facilities for them. Those facilities that do exist are extremely primitive, he said, and it is a tribute to the valor of contemporary students that they are willing to live under these conditions. The University of Oregon now has firm plans to do something about replacing the dormitories, he reported.

Mrs. Carpenter indicated that the Board was quite familiar with the Newport facility but that few of the present members had seen Charleston. Dean Novick said he would be glad to arrange visits for Board members. He said he thought they
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would particularly like to see the South Slough Sanctuary and the some 80 acres of headland overlooking the bay and ocean which has been transferred to the University by the federal government. He noted that this land will be left in its natural state for the foreseeable future, since it is the policy of the University and of the Commission to locate laboratories and facilities for the Oregon Institute of Marine Biology at sea level at the present bayside site.

Mrs. Feves asked how the building program at Charleston will be financed. Dean Novick said the first objective of the building program is the construction of dormitory housing, which will be self-liquidating.

The Committee discussed the probability of continued federal support for marine facilities and impact of loss of federal funds. Dean Novick said he thought the likelihood of continued federal funding is very great for the next five years. After that it is difficult to say. Mr. Harms observed that in view of the fact that Oregon has one of the longest coast lines in the nation, it would be inconceivable that the state would abandon marine science programs with or without federal aid. Dean Novick said the really expensive program was the one in oceanography. He said this might be a commitment the state would not want to pick up, should federal support be withdrawn.

Dean Novick concluded his report by saying he does not sense any destructive competition or duplication in the operation of the two centers. Instead, he said, there are excellent working relationships. This, he observed, was the purpose for which the Commission was established.

Dr. Lavern Weber, new director of the Marine Science Center at Newport, said he was extremely optimistic about continuation of federal funding of the Sea Grant program. The aquaculture building referred to in the report has now been funded and will be built by the National Fishery Service adjacent to the Marine Science Center. The Environmental Protection Agency is also interested in and is cooperating with the Newport facility, he continued, as is the National Science Foundation, which provides a substantial portion of the Center's support.

President MacVicar pointed out that a substantial component of the Sea Grant program, a joint federal-state venture, is in applied marine biology and marine fisheries, including aquaculture of both fish and mollusks, areas which have great interest to Oregon. State support of these areas, while not as large as the federal support, still is very substantial. The second activity of the Center is the ship support program for oceanography research. This is almost entirely federally financed, President MacVicar said, and this program, while very important scientifically and of great national and international interest, is not the kind of program the state would logically and properly support. On the other hand, given the fact that there is so much about the sea, including its wise and provident use, that is unknown, it might be reasonable to expect that research in this area will not diminish for a period of possibly 25 years.

President MacVicar pointed out that there are only two marine stations on the entire Pacific Rim that have immediate access to the ocean, the University of California station at La Jolla and the center at Newport. He observed that the center at Newport is strategic in terms of distance (which is not inconsequential when one is operating a ship), particularly in respect to the northeast Pacific Ocean quadrant that goes from the mainland United States to Hawaii to the tip of the Aleutian Islands.

In response to a question from the Committee, President MacVicar said no university involved in research today in this country could continue to exist in its present form were the federal government to withdraw its support. He said the La Jolla facility and its research vessels, like those at Newport, are almost totally supported by federal grants.
The Charleston facility, he continued, is also an excellent marine biology facility serving an entirely different clientele in the great tradition of marine biology. There is some duplication in the instructional programs of the two Oregon facilities, he said, in that both teach basic marine biology, but the emphases of the programs are moving in different directions. He said the state is fortunate to have Dr. Weber, at Newport, and Dr. Paul Rudy, at Charleston, as directors of its marine facilities. Dean Novick agreed, saying that without Dr. Rudy, it is likely the Charleston center would no longer exist.

The Committee recommended that the Board accept the report of the Marine Sciences Commission and that it express its appreciation to the members of the Commission for their continuing efforts to assist the Board in the effective development and management of State System of Higher Education coastal marine science resources.

Board Discussion and Action

The Board approved the Committee recommendations as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

The Marine Sciences Commission was established in 1972 under authority of the State Board of Higher Education which, at its July 24, 1972, meeting, provided formally for the creation of the Commission and stipulated the constituency, the method of appointment, and the responsibilities of the Commission.

Current membership of the Commission is as follows:

Mr. J. W. Forrester, Jr., Astoria
Mr. Don Frisbee, Portland
Mr. Nils Hult, Eugene
Dean Karl Dittmer, College of Science, PSU
Dean Robert Newburgh, Graduate School, OSU
Dean Aaron Novick, Graduate School, UO, Chairman of the Commission

The Commission is charged by the Board with the following responsibilities:

- To report periodically to the Board through the Board's Office, as provided hereinafter.
- To visit the coastal marine facilities at least once annually to examine programs and facilities and to meet with faculty and staff at these locations.
- To develop, in cooperation with institutional representatives, long-range plans for program developments requiring the use of coastal marine facilities in accordance with a system of program allocations designed (a) to minimize the possibility of unnecessary and unwise duplication of programs in the State System, (b) to promote effective coordination of teaching and research efforts of the several institutions, and (c) to consider and provide for, insofar as resources will permit, the needs of Oregon's two- and four-year public and private colleges and universities for access to coastal marine science resources.
- To develop, in cooperation with the institutions administering coastal marine facilities, and recommend to the Board through the Board's Office, a long-range, integrated plan for the development of the physical facilities.
- To report annually through the Board's Committee on Instruction, Research, and Public Service Programs as to the status of the Commission work and any recommended action.
This report is the fourth annual Commission report to the Board of Higher Education.

Fifth Report of the Marine Sciences Commission

November 18, 1977

The Commission has held two meetings since its last report (1976).

The first, at Portland State University on February 22, 1977, provided an opportunity for review of the purposes and policies of the Commission. In addition, the Commission heard presentations from representatives of the programs at the Marine Science Center at Newport (Oregon State University), and the Oregon Institute of Marine Biology at Charleston (University of Oregon).

A second meeting of the Commission was held during visits to the Oregon Institute of Marine Biology at Charleston and the Marine Science Center at Newport on May 3-4, 1977. During these visits, the Commission had opportunity to visit with staff members and students and to inspect the facilities at each site, including, at Newport, the new library/instruction building and the new meeting/dining building, and at Charleston, the South Slough Estuarine Sanctuary, concerning which more will be said later in this present report.

The Commission accepted reports from each of the two coastal centers as being consistent with earlier plans reviewed by the Commission and reported to the Board on earlier occasions. Rather detailed descriptions of the instructional, research, and public service programs at the two centers were presented in preceding annual reports of the Commission to the Board and are not here described anew.

This present report provides brief summaries of developments since the preceding (1976) report.

(A brief description of the marine sciences in the State System is included in the Appendix, pp. 1a-9a of the full report.)

**Significant Changes in Facilities Since 1976**

**Marine Science Center, Newport (OSU)**


2. A new meeting/dining building was completed June, 1977.

**Oregon Institute of Marine Biology, Charleston (UO)**

1. A conceptual site plan for the development of the Institute was developed and is currently in process of review by University of Oregon officials before submission for consideration by the Marine Sciences Commission, and subsequently by the State Board of Higher Education.

The development plan is consistent with the precepts reported to the Board in the 1976 report of the Commission, namely:

a. There will be no significant increase in the size of the existing program (100 students).

b. The program will continue to emphasize undergraduate teaching.

c. The Institute will continue to offer low cost accommodations.
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d. The physical facilities will continue to be located on the lower, "boat basin", site.

e. The facilities will be blended into the Charleston harbor so as to maintain the character of the harbor.

f. Existing temporary facilities (at one time used by the Civilian Conservation Corps) will be replaced over a ten-year period.

g. The facilities will be available to all of Oregon's institutions of higher education.

As reported to the Board in an earlier report of the Commission, the decision to continue the physical facilities of the Institute at Charleston on the lower (boat basin) site, rather than moving the site to the bluff overlooking the boat basin, as was at one time proposed, results from the feeling on the part of the staff and students that the lower site has a preferable atmosphere, and from the expectation that costs of site development will be less on the lower site.

2. The Division of State Lands has purchased an estimated two-thirds of the property necessary to establish the South Slough Estuarine Sanctuary. The Sanctuary is to be managed by a special state commission with the Director of the Division of State Lands being the permanent chairman.

Significant Staff Changes Since 1976

Marine Science Center, Newport (OSU)

Dr. Lavern Weber was appointed Director of the Marine Science Center in April, 1977.

Oregon Institute of Marine Biology, Charleston (OU)

1. Dr. DeLaine Munson has been appointed manager of the South Slough Estuarine Sanctuary. Dr. Munson has been accorded joint appointments to the University of Oregon and Oregon State University staffs.

2. Dr. Robert Ellis, an estuarine ecologist, has been appointed Research Associate at the Institute.

Future Plans

Marine Science Center, Newport (OSU)

Oregon State University is continuing to develop the Marine Science Center at Newport into a major facility for instruction, research, and public service in the marine sciences.

The completion, in 1977, of the two new buildings on the Newport site (library/instruction and meeting/dining buildings) has greatly improved the facilities and has eased the pressure on existing facilities (e.g., the completion of the library/instruction building resulted in release of space in the main building to research projects).

Looking to the future, the following facility improvements are contemplated by Oregon State University, subject to necessary approvals.
### Facility Improvement Plan at Newport, 1977 to the Period Beyond 1983

<table>
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<tr>
<th>Area (Sq. Ft.)</th>
<th>Cost in Thousands</th>
<th>Source of Funds</th>
<th>Completion Date</th>
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</thead>
<tbody>
<tr>
<td>Federal Aquaculture Facility</td>
<td>$--</td>
<td>Federal</td>
<td>--</td>
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<tr>
<td>Dormitory Unit III</td>
<td>1,630</td>
<td>110</td>
<td>Gifts</td>
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<tr>
<td>Instruction Building II</td>
<td>15,000</td>
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<td>State</td>
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<tr>
<td>Research Vessel Facilities</td>
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<td>1,600</td>
<td>Federal</td>
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<tr>
<td>Staging Area</td>
<td>9,000</td>
<td>400</td>
<td>Federal</td>
</tr>
<tr>
<td>East Research Wing, Phase I</td>
<td>9,000</td>
<td>400</td>
<td>Federal</td>
</tr>
<tr>
<td>East Research Wing, Phase II</td>
<td>15,000</td>
<td>900</td>
<td>Federal</td>
</tr>
<tr>
<td>Museum Building</td>
<td>10,000</td>
<td>600</td>
<td>Gifts or Federal</td>
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The aquaculture facility shown above for 1977-1979 is a federal facility that Oregon State University believes may well be built on the Marine Science Center site in Newport by a federal agency, or perhaps, by the State Department of Higher Education under contract with a federal agency. The matter is currently under discussion by officials of Oregon State University, the Port of Newport, and the federal government. At the appropriate point this matter will be brought to the Board for its consideration.

**Oregon Institute of Marine Biology, Charleston (UC)**

The Institute is continuing the development of its teaching and research programs, and is looking forward to the development of estuarine instructional and research programs as the South Slough Sanctuary becomes a reality.

As to the development of physical facilities at Charleston, the Institute of Marine Biology looks toward the following:

- During the fall term 1977, to begin construction of a new shop building, and to connect up with the new sewer line recently constructed by the city of Charleston.
- During 1977-78, to complete the plan for future site developments at Charleston and to seek consideration and approval of the plan by the University administration, the Coos County Planning Commission, the Marine Sciences Commission, and ultimately, the Board's Office and the Board.

\[1\] In 1971, an expenditure limitation of $1,575,000 was authorized for Oregon State University Research Vessel Facilities, but no request has been presented to date for authorization to proceed because federal funding has not been available.

**Nursing Outreach Program, UCHSC**

(Considered by the Committee on Instruction, Research, and Public Service Programs, October 21, 1977; present--Carpenter, Feves, Daniels, Harms, Wyss.)

In May 1977, the State Board of Higher Education approved the ten-year plan for the University of Oregon Health Sciences Center School of Nursing which contained a proposed outreach program in the Mid-Willamette Valley for place-bound Registered Nurses wishing to obtain a baccalaureate degree. Since that meeting, the administration of the School of Nursing has reaffirmed the need assessment and the potential for offering such a program in Eugene and Corvallis.
A proposal for implementation of the program during the 1977-1979 biennium for 41 students (approximately 20 in Eugene and 20 in Corvallis-Albany area) has been developed and the State Board of Nursing has allocated $35,000 from its continuing education funds to get the program underway.

Discussion and Recommendation by the Committee

Mrs. Kahananui reviewed the plans of the University of Oregon Health Sciences Center school of nursing to serve RN students living in the southern part of the Willamette Valley. She noted that the funds being made available from the State Board of Nursing and other sources would enable this program to be offered during the current biennium.

Mrs. Carpenter observed that the Board had already approved the concept of the outreach program. She said she felt it would be very desirable to be able to respond to the need for this service in a flexible way rather than having to wait until the next biennium. Mr. Harms indicated the plan seemed an eminently reasonable way to proceed. He said the alternative was to tell the nurses that they would have to wait until the next biennium, an alternative which was unacceptable in view of the great state interest in encouraging nurses to obtain the baccalaureate degree.

The Committee indicated that it approved the plan as described and directed that a detailed presentation of the proposal, with a budget, be presented to the Board for approval at the November meeting.

The Committee recommended that the Board authorize the University of Oregon Health Sciences Center School of Nursing:

1. To enroll 40 students (headcount) during spring term 1977-78 and the academic year 1978-79 as over-realized enrollment. It is estimated that one-half of these will be from the Eugene area and one half from Corvallis.

2. To seek authorization from the Emergency Board:
   a. To accept a transfer of funds in the amount of $35,000 from the State Board of Nursing as start-up money for the proposed program.
   b. To seek and accept additional moneys either non-state or State Board of Nursing, for the 1978-79 fiscal year.
   c. To expend in support of this program the tuition income from the over-realized enrollment.

Board Discussion and Action

The Board approved the staff recommendations as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

The description of the program, the time-table, and proposed expenditures to begin the program follow.

University of Oregon Health Sciences Center School of Nursing
Registered Nurse/Baccalaureate Program

Registered Nursing students wishing to complete the baccalaureate degree must provide a transcript showing 45 quarter hours (30 semester hours) of transferable credit to include one year of general or introductory chemistry with laboratory and a course in human nutrition. The remaining hours should be selected to satisfy the degree requirements.
Upon admission, the Registered Nurse student will enroll in two transitional courses: Nursing 307, which explores selected theories and concepts, systems theory, stress adaptation, interaction learning, and their use within the nursing process (these are presented in the context of systematic inquiry, emphasizing the role of research in professional nursing); and Nursing 308, which provides a basic foundation of the knowledge and skills involved in the physical and psychological assessment of individuals.

Courses in the junior year may be credited by examination. These courses include Nursing 333: Principles of Epidemiology and Research; Nursing 350: Nursing Science IV; Nursing 352: Nursing Science V; Nursing 353: Clinical Experience in Nursing: The Emerging Family; Nursing 354: Family Nursing: The Emerging Family; Nursing 355: Clinical Experience in Nursing: The Child-Rearing Family; Nursing 356: Family Nursing: The Child-Rearing Family; Nursing 357: Clinical Experience in Nursing: The Maturing Family; and Nursing 358: Family Nursing: The Maturing Family. Graduates of ADN programs and northwest accredited diploma schools have 18 hours of lower-division transfer credit. These, plus the two transitional courses, satisfy lower-division nursing requirements.

Upon successful completion of the challenge exams, or completion of these courses, the Registered Nurse enters the senior year, the 400·sequence of nursing courses. These courses include Nursing 450: Nursing Science VI (Research); Nursing 453: Clinical Experience in Community Nursing I; Nursing 454: Community Nursing I; Nursing 452: Nursing Science VII (Management); Nursing 455: Clinical Experience in Community Nursing II (Psychiatric); and Nursing 456: Community Nursing II.

Registered Nurse Outreach Program for Eugene-Corvallis Area

Implementation of the Registered Nurse Outreach Program for the Eugene and Corvallis area will begin January 1, 1978. During the period between January 1, 1978, and March 1978, the following activities will be completed:

1. An administrative assistant for the RN program will be hired.
2. A library for use of RN students in the program at Oregon State University and the University of Oregon will be developed.
3. Academic counseling for RN students in the Eugene-Corvallis area will be established.

The transitional courses, Nursing 307 and Nursing 308, Physical Assessment, will be offered at Oregon State University and the University of Oregon beginning March 1978. Approximately 20 students will be enrolled in each of these two classes for a total of 40 students. During this time clinical facilities will be identified in the Eugene-Corvallis area for placement of the RN students. Credit by examination for the junior level will be offered during the summer session, June-August 1978.

With the availability of further funding, fall term 1978-79 will see the RN Outreach Program continued in the area with junior level courses offered as needed, and all of the senior level courses being offered. If additional non-state funding becomes available, a new group of RN students would be admitted to the program winter term, 1978-79. Nursing 307 and Nursing 308 would again be offered, making it possible, should all challenges be successfully completed, for the student to enter the senior level courses in spring term 1978-79.
Continuation of Program During 1979-1981 Biennium

The University of Oregon Health Sciences Center School of Nursing is presently funded for a budgeted enrollment providing for admission of 150 new baccalaureate degree students (made up of 100 basic students who are admitted as sophomores and 50 RN students who are graduates of associate degree or hospital diploma schools) each year of the biennium (1977-78 and 1978-79 academic years).

Curriculum planning and staff assignments for the 1977-1979 biennium were developed with the expectation that the entire class of entering students, both basic students and RN's, would be taught on the Portland campus and would complete clinical experience within the Portland metropolitan area.

The long-range plan of the University of Oregon Health Sciences Center School of Nursing, however, as approved by the State Board of Higher Education in May 1977, anticipates that nursing instruction and clinical experiences for the RN student will not necessarily be restricted to the Portland campus, but rather, by the utilization of the other State System campuses (the University of Oregon, Oregon State University, and later perhaps, Oregon College of Education) and clinical resources in the Willamette Valley, will be scheduled so as to make the program as accessible as possible to the part-time, employed RN student. Basic students, under this plan, would continue to be served from the System's Portland campuses, completing nursing and basic science instruction at the University of Oregon Health Sciences Center and supporting course work at Portland State University.

The request for authorization to enroll RN students residing in the southern part of the Willamette Valley in the baccalaureate degree program in nursing as over-realized enrollment 1977-1979 is occasioned by (1) the urgent request of nurses residing in the Corvallis, Albany, and Eugene areas that the scheduling practices envisioned in the long-range plan be moved up into the present biennium, and (2) the interest of the State Board of Nursing in assisting in the funding needed to make this possible.

Enrollment projections for the 1979-1981 biennium for the University of Oregon Health Sciences Center School of Nursing, which will be presented as part of the 1979-1981 biennial budget request, will include the number of students to be admitted to the baccalaureate degree program as basic students (to be served in Portland at the University of Oregon Health Sciences Center) and the number to be admitted as RN's (some to be served in Portland, and some in the Albany, Corvallis, Eugene area of the Willamette Valley).
UNIVERSITY OF OREGON HEALTH SCIENCES CENTER  
Registered Nurse/Baccalaureate Program  
January 1, 1978 - June 30, 1979

## Academic Staff

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<tr>
<th></th>
<th>Portland</th>
<th>Corvallis</th>
<th>Eugene</th>
<th>Total</th>
</tr>
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<tbody>
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<td>(1) .25 FTE RN coordinator</td>
<td>$8,460</td>
<td></td>
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<td>$8,460</td>
</tr>
</tbody>
</table>
| (2) 3.00 FTE instructional faculty  
(9 months @ $17,000/yr/1.0 FTE  
@ 3-15-78 adjusted for expected salary increases) |       | $35,900   | $35,900 | 71,800 |
| (3) Summer overload payments to faculty supervising challenge examinations summer session 1978  
(@ $11.33 per hour per faculty  
@ approximately 9 hours per examination, 12 exam periods) |       | 1,200     | 1,200  | 2,400  |
| **SUBTOTAL** | $8,460 | $37,100   | $37,100 | $82,660  |

## Support Staff

<table>
<thead>
<tr>
<th></th>
<th>Portland</th>
<th>Corvallis</th>
<th>Eugene</th>
<th>Total</th>
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<tbody>
<tr>
<td>1.00 FTE Administrative Assistant</td>
<td>14,700</td>
<td></td>
<td></td>
<td>14,700</td>
</tr>
<tr>
<td><strong>SUBTOTAL, SALARIES &amp; WAGES</strong></td>
<td>$23,160</td>
<td>$37,100</td>
<td>$37,100</td>
<td>$97,360</td>
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<tr>
<td>OPE @ 16.0%</td>
<td>3,705</td>
<td>5,936</td>
<td>5,936</td>
<td>15,577</td>
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</table>

## Services and Supplies

<table>
<thead>
<tr>
<th></th>
<th>Portland</th>
<th>Corvallis</th>
<th>Eugene</th>
<th>Total</th>
</tr>
</thead>
</table>
| Travel (including lodging and meals)  
a. Coordinator |       | 360       | 450    | 810    |
| b. Advising |       | 360       | 450    | 810    |
| c. Challenge Exams |       | 440       | 490    | 930    |
| **SUBTOTAL, TRAVEL** |       | $1,160    | $1,390 | $2,550 |
| Library Books |       | 3,000     | 3,000  | 6,000  |
| Supplies | 4,500 | 3,000 | 3,000 | 10,500  |
| **SUBTOTAL, S & S** | $4,500  | $7,100   | $7,390 | $19,090 |

## Expenditure Total

<table>
<thead>
<tr>
<th></th>
<th>Portland</th>
<th>Corvallis</th>
<th>Eugene</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenditure Total</strong></td>
<td>$31,365</td>
<td>$50,196</td>
<td>$50,426</td>
<td>$131,987</td>
</tr>
</tbody>
</table>

## Resources

- **Instructional fees:** (40 students @ 6 credit hours for one term [spring term 1977-78] plus 40 students @ 11 credit hours per term for 3 terms [1978-79])  
  $26,040

- **Grant from State Board of Nursing or other sources**  
  $105,947

**Resources Total**  
$131,987
Preliminary Consideration of 1979-1981 Budget Request Format

Staff Recommendation to the Committee

It was recommended that the Board adopt the following schedule for consideration of its budget request for support of the Department of Higher Education in the 1979-1981 biennium:

December 16 - Finance Committee consideration of specific staff proposals as to the alternative program and policy issues to be incorporated in the 1979-1981 budget request. These to include consideration of format alternatives as well as the substantive matters to be addressed by the budget.


February 24 - Finance Committee consideration of staff recommendations describing the specific fiscal and program positions, including preliminary indications of program priorities, to be incorporated in the 1979-1981 budget request. The recommendations to be presented in approximate fiscal magnitude.

March 24 - Board action on Finance Committee recommendations identifying 1979-1981 budget policy positions.

April 28 - Finance Committee consideration of staff analyses of the financial implications of program and policy decisions and recommendations previously adopted by the Board.

May 26 - Board action on Finance Committee recommendations, identifying financial implications of the 1979-1981 budget. (It is crucial to note that this action will establish the guidelines for compilation of the budget documents in the operating units of the Department. Accordingly, it should be viewed as the official authorization of the Board's budget request.)

June 23 - Progress report to the Finance Committee (to cover unanticipated contingencies).

July 28 - Progress report to the Board (to cover unanticipated contingencies).

August 25 - Formal Board action approving submission on September 1 of the budget request to the Executive Department. Approval will be signified, as required by the Executive Department, by signatures on the prescribed form.

Discussion and Recommendation by the Committee

The Chancellor said the primary motivation for bringing the proposed schedule for the 1979-1981 budget request was an effort to involve the Board in the planning stages, the development of the assumptions, and the resolutions of issues which are then translated into budget figures. The actual budget request will be approved next summer.

Mr. Holmer explained that there are four stages in the development of a budget of which the first stage is defining the basic format and approach. If the proposed approach is satisfactory, it will be followed by identification of specific
issues in December and January, a determination of the positions on those issues in February and March, and acting on the financial implications of those positions and final consideration of the decisions in April and May. The decisions then would be translated into the formal document for transmittal to the Executive Department, the Legislature, and the Educational Coordinating Commission.

Mr. Holmer then described the budget process in detail, giving examples of the various factors which have an impact on budget policies and the budgeting process. He indicated that the Alternative Program Levels System is presently expected to start with the current base as being the most urgent 85% of the present budget level. The remaining portion of the budget, not limited to 100% must be justified in specific detail. The Department of Higher Education is excluded from the Alternative Program Levels System for 1979-1981.

Mr. Hunderup reviewed the budget recommendation procedures relating to capital construction. He noted that there has been a need for some stabilization of a program for rehabilitation of projects in the range of $50,000 to $250,000. Consideration is being given to dividing the capital construction program into two parallel operations—one for new construction, major additions and major rehabilitation, and the other for more routine-type maintenance. It is probable that funding will be sought for an on-going level of rehabilitation at about 1% of replacement costs.

Mr. Holmer said he was seeking a response from the Committee as to the extent and way in which it wanted to look at budgetary detail.

Mr. Wyss suggested that if the Board were attempting to control long-term growth and expansion, it has a responsibility to examine the assumptions which go into the development of the base budget. Mr. Wyss said there are actual and apparent inefficiencies and there are reasons for some of the inefficiencies that exist. Once these are understood and justified, it is possible to argue for the programs.

Mr. Ingalls expressed an interest in interinstitutional comparisons and also comparisons with schools in other states. After extensive discussion of the amount of detail which the Board wished to consider, it was generally agreed that a fairly extensive analysis of one discipline would be presented to the Committee and the Board for review. It would cover cost comparisons from State System institutions and also those from other states.

During the discussion, Mr. Clem Lausberg, Research Coordinator with the Oregon Educational Coordinating Commission, said the Executive Department had asked the Coordinating Commission to do two things. The Commission was expected to examine the stabilization policies which were started by the 1977 Legislature as a long-term tool. Further, based on previous discussions and the budget assessment from the last biennium, the Commission would make recommendations on the total education and general services budget.

It was also pointed out in the discussion that program initiatives and improvements were closely related to the budgetary process because the costs represent goals to be achieved educationally.

The Chancellor suggested the possibility of providing information for a thorough examination of one or two disciplines each biennium. This review would not necessarily be an integral part of the budgeting process but might be parallel to the flow of activity in the development of the biennial budget.

Mr. Ater said the discussion is really about using a variety of financial devices as management techniques. A selective analysis of certain budget elements and a better system of determining results is useful in assessing the effectiveness of the budgeting process and management.
Mr. Perry said there seemed to be agreement that the Board should rely upon the Board's staff for the basic budgetary process but there should also be a detailed examination of one or more disciplines.

Dr. Romney indicated that reviews of business administration and the three major graduate programs of physics, chemistry, and biology were in progress and would be presented to the Committee on Instruction within the next few months. This will provide information in these academic areas for consideration in conjunction with the budget.

Mr. Perry said the Board has an obligation to understand the detail which goes into the preparation of the budget and the Board members must communicate their concerns to the Board's Office staff. The staff should be prepared to provide the requested background information which is pertinent to the budgeting process.

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

Board Discussion and Action

In response to questions about the proposed schedule, it was indicated that the intent was to emphasize that the development of a budget request is an evolutionary process. The schedule is not meant to foreclose further evolution of the Board's views about the budget.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

The preparation of a budget request for a complex agency is normally an extended process. It ought to involve four distinct steps or processes.

The first is a review of the basic assumptions about the setting in which budget preparation proceeds. It is the purpose of this presentation to provide the background for that review.

The second is the identification of the specific issues to be addressed in the budget. (Proposed for December and January.)

The third is the preliminary consideration of the policy positions to be incorporated in the budget. (Proposed for February and March.)

The fourth is the making of the effective decisions about the budget, in the light of the financial implications of the policy decisions previously made on a preliminary basis. (Proposed for April and May.)


In small organizations, budget formats and procedures may not be so critical because the details of operational needs are quite well-known to the decision-makers. However, the format of a budget request is often as important as the content. Unless the format clearly conveys the urgency or the desirability of the proposed activities, there is grave risk that resources will be misallocated. And the risk is greatly increased in large and complex organizations.

It is for this reason that it is appropriate for the Board of Higher Education to consider carefully the form of its 1979-1981 budget request and the process through which it is developed. In considering the alternatives, the Board should
be aware that the Executive Department has requested "the Educational Coordinating Commission to conduct a comprehensive study of higher education financing and recommend a long-range funding system to the Executive Department by January 1, 1978." The Board should also know that the Legislature, by Senate Joint Resolution 23, Oregon Laws 1977, has directed that preparation of state agency budgets begin utilizing the principles and techniques of "zero base budgeting" (ZBB) for the 1979-1981 budget and that all budgets follow ZBB technique no later than for the 1983-1985 biennium. (The Executive Department is planning to place all state agencies except the Department of Higher Education on the ZBB track for 1979-1981. This Executive Department decision was not requested by the Department of Higher Education. The Executive Department has indicated that the decision is dictated by the need for greater lead-time for so large an agency as Higher Education, coupled with the workload associated with the use of ZBB for other agencies.)

It is important to place this interest in budget format in (recent) historical context. In simpler times, the focus of budgets was on "line items"-the individual positions, items of equipment, supplies, and services to be paid for with the dollars requested. The justification for the line items, frequently presented orally, described expected benefits-usually only for increases.

In the late 1940's, the Federal Hoover Commission gave currency to the "performance budget" that called for relating workload or output measures to various program elements of a department's budget. In the 1960's, Defense Secretary McNamara (and later President Johnson) "popularized" a budget procedure called Program Planning Budgeting System (PPBS). Program Planning Budgeting System added to the performance budget the concept of cost-effectiveness and consideration of the relative merits of alternative methods and of alternative programs.

In the 1950's, the State of Oregon adopted a relatively simple version of program budgeting (with workload or output measures but a substantial amount of line-item detail). In the early 1960's, there was superimposed the concept of "A," "B," and "C" budgets, with A representing continuation of "the going level," B representing a limited amount of "essential" improvements, and C including the other activities an agency recommended.

In the last dozen years, the program budget has continued with broad categories being labelled: Base Budget; Workload Increase; and Program Improvement (with a New Building Operation component). All positions continue to be accounted for and major services and supplies and equipment items continue to be identified.

What ZBB is expected to bring to the budget process is an improved method of presenting organizational priorities, greater involvement in the budget process of supervisors at all levels of an organization, and a clear track for budget decisions at each level of review. The Oregon version of ZBB will be designated as an Alternative Program Levels System (APLS--"apples"--for short). APLS will look to the development of a set of "decision packages" for each agency, ranked in priority order. The packages will be developed in each division of an agency, merged and reprioritized at each level of review within the agency (and, presumably, by the Executive Department). In the Georgia version of ZBB, each decision package included consideration of alternative goals, and/or alternative mixes of resources, concluding with a specific recommendation. (ZBB, incidentally, has not been applied at the University of Georgia but a major effort is under way at Miami University, a private institution.)

The keys to implementation of APLS will be the effectiveness of the detailed design of the System and of the training of the program managers who will develop the initial decision packages. There is, however, a fundamental philosophical problem which underlies the design and training effort. It is conceptually comfortable to consider "decision packages" and their "prioritization;" it is more difficult to set out a specific plan for the decision units within a complex agency or for state government as a whole.
In developing a plan for any budget format, there are at least four major constraints that must be recognized and addressed:

1. The complexity of the budget.
2. The complexity of budget evaluation.
3. The need for compatibility with the accounting system.
4. The critical issues to be addressed.

1. The complexity of the budget

The 1977-1979 budget of the Department anticipates expenditures at the rate of more than $1 million per day at dozens of locations in hundreds of programs. It is, therefore, necessary to arrange the budget in a logical way that will facilitate review and analysis by the Board, the Educational Coordinating Commission, the Governor, and the Legislature. The problem is one of selecting the arrangement that will facilitate the needed decisions.

a. The limits of time and staff

In every large scale organization, two types of decisions become necessary in order to make the enterprise manageable. The first is the delegation of authority and responsibility in an hierarchical pattern; the second is the establishment of policies and procedures to assure controlled and rational decisions.

(1) Delegation

The sheer volume of the day-to-day decisions in a State System of Higher Education requires that the Board decentralize most decisions to institutional presidents and for the presidents, in turn, to delegate most institutional decisions to the deans and department heads. The time available to the Board simply does not permit review of each administrative decision that carries a budgetary implication.

(2) Standard policies and procedures

Delegation is responsible only if it is concurrent with the establishment of policies and procedures to assure that the management of the enterprise is consistent with the objectives of the organization. There are many such policies and procedures established pursuant to Board direction. They relate to budgeting, accounting, program establishment, personnel, research, enrollment targets, and many other topics. The fact that budgeting is only one focus of policy and procedure suggests that not all management decisions should necessarily be reconsidered in the budget process.

b. The mix of functions and activities

The higher education function includes a mixture of three major activities (instruction, research, and public service) performed at eight institutions and an equal number of more or less free-standing public services, plus a variety of auxiliary services. For budget and accounting purposes, institutional activities are also subdivided into certain functions: direct instruction; instructional support (libraries; audio-visual); student services; physical plant operations; institution support; and others. The Executive Department and the Legislature may also need information about line items, as in calculating the amount required for salary adjustments.
Each of the possible bases for classifying "programs" for budget purposes has strengths and weaknesses, that should affect the choice of format.

(1) By institution

The major "program" subdivision could be by institution. However, the Department of Higher Education was established to minimize and depoliticize interinstitutional rivalry for state appropriations. The budgets for each institution are now shown, but the justification of planned expenditures for instruction and research is presented on a System-wide basis. The budgets for the Oregon Institute of Technology and the University of Oregon Health Sciences Center are now submitted as separate units.

(2) By statewide public service

These programs are now presented and reviewed as identifiable units. This appears to present few difficulties.

(3) By function

Submitting a budget request for Education and General Services by function, as is now the case, seems to demonstrate the basis for the request in an appropriately System-wide way, although the institutional impact is also shown. The present format lumps several functions together in each of two groups (on the basis of whether the functions seem to be driven by student enrollments or by other factors). A functional base for format seems proper, although several refinements of the format are possible.

(4) By budget category

The use of Base, Workload Increase, and Program Improvement categories assumes a "going level" and does not directly assure that the Base is, in fact, examined. The APLS will provide a process of prioritization of the elements in the Base, although it may be discovered that the Base includes few items of inappropriate activity.

(5) By academic program

There are more than 300 academic departments in the State System. Although deans and presidents hold academic department heads responsible for the budgetary management of their programs, it would be unlikely that review agencies could make effective judgments about the comparative costs of so large a number of units. This suggests the possibility of grouping related disciplines into a more manageable number (say, 25 to 35) for budget review purposes.

Another possibility is by School or other major academic unit (Division of Humanities at Southern Oregon State College, for example). This would imply Board decisions about the proper level of funding of each academic unit (40 to 50 of them). The problem is the development of a valid analytical technique that can be applied within the budgetary time table.

"Degree program" costs would be entirely inappropriate as a budget base, since the costs are not subject to direct administrative control by any one academic department because of the freedom of students to select "service" courses in other academic departments.
(6) **By level of student**

This is a current subdivision of (3), above. It is less directly related to the work being performed than (7), below.

(7) **By level of instruction**

Costs of instruction can be expected to vary according to whether the course is taught at the undergraduate or graduate level within a discipline. Finer divisions (lower division, senior, etc.) are possible. This type of classification seems preferable to (6), above.

(8) **By type of instruction**

Instruction may be of several types: lecture, lecture-discussion, seminar; laboratory; etc. Costs vary within as well as between these categories. Institutions should review such choices, but the use of these categories could be of limited value in budget review.

(9) **By line item**

Some "line item information"--notably, salaries--will need to be provided. It is hoped that the emphasis in budget review will be on programs--the things to be done, not the things to be purchased.

2. **The complexity of budget evaluation**

Although it is useful to improve the objectivity of budget analysis and review, the fact is that budget request evaluation is an art, not a science. At the legislative level, decisions about the relative priorities of the State Library and Homeowners Property Tax Relief eventually require discriminating political judgment. At Board level, the relative priority of Forest Products research and care of crippled children versus the priorities for freshman counseling or library acquisitions is equally difficult.

The Board can delegate some of these decisions to institutional presidents but it cannot evade decisions that will determine the major thrusts of System activity. The General Fund support of the Teaching Research Division is primarily to provide a base for federally-funded research. This may not be a Yes or No decision but, rather, a "how much" decision. And the "how much" is to be examined in relation to instruction, OEPBS and all the other programs.

Designing a budget format that permits the Board (and the reviewing agencies) to see a manageable number of decisions arrayed so as to facilitate wise decisions about the future of the Department requires careful deliberation.

3. **The need for compatibility with the accounting system**

Budgeting is one of several fiscal management processes. Usually budgets are synchronized with the other processes--particularly the one called accounting. If budgeting and accounting are not synchronized, a Board member might ask if the funds budgeted for program improvement were spent for program improvement and be told that it would take a special study to find out for sure.

Now comes Chapter 897, Oregon Laws 1977, requiring that the Executive Department provide an annual financial report for state government prepared "in accordance with current, generally accepted accounting principles." This requirement is not expected to create a major change in the Department of Higher Education accounting system (which seeks to conform to the generally accepted principles). However, it is a reminder that the accounting is closely related to the budget process and may limit the options available for the budget format.
a. The need for historical data

Although budgets need not (and perhaps should not) be based directly upon historical accounting data, the historical data provides a very useful frame of reference. To the extent that the budget format departs from the structure of the accounting system, it deprives reviewers of a possibly useful kind of comparison.

b. The funds and accounts

It is a "generally-accepted principle" that there be a clear differentiation of certain types of funds. (A fund is a self-balancing accounting entity, with its own assets, liabilities and balances.) The fund groups of the Department are:

- Current Funds
- Loan Funds
- Plant Funds
- Endowment Funds
- Agency Funds.

The first three are subjects of biennial budget requests. A schematic presentation of the present expenditure fund and account structure as utilized in the budget request may be useful.

**Budgeted Expenditure Funds and Accounts**

<table>
<thead>
<tr>
<th>Current Funds</th>
<th>1977-1979 Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
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<tr>
<td>Education and General</td>
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<tr>
<td>Instruction and Departmental Research</td>
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</tr>
<tr>
<td>Academic departments</td>
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<tr>
<td>Summer session</td>
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<tr>
<td>Nonsponsored research</td>
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<tr>
<td>Sea Grant (OSU)</td>
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<tr>
<td>(Equipment)</td>
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</tr>
<tr>
<td>Libraries and Museums</td>
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</tr>
<tr>
<td>Student Services</td>
<td></td>
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<tr>
<td>Operation and Maintenance of Physical Plant</td>
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<tr>
<td>General Administration</td>
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<tr>
<td>General Institution Support</td>
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<tr>
<td>Organized Activities Related to Educ. Depts.</td>
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<tr>
<td>University Hospital</td>
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<tr>
<td>Dental Clinics</td>
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<tr>
<td>Extension and Public Services</td>
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</tr>
<tr>
<td>General</td>
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<tr>
<td>Division of Continuing Education</td>
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<tr>
<td>Crippled Children's Division</td>
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<tr>
<td>Agricultural Experiment Station</td>
<td>x</td>
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<tr>
<td>Cooperative Extension Service</td>
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</tr>
<tr>
<td>Forest Research Laboratory</td>
<td>x</td>
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<tr>
<td>Oregon Educational and Public Broadcasting Service</td>
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<tr>
<td>Operating Accounts</td>
<td></td>
</tr>
<tr>
<td>General</td>
<td></td>
</tr>
<tr>
<td>Rural Medical program</td>
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<tr>
<td>Amniocentesis program</td>
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<td>Service Departments</td>
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<tr>
<td>Auxiliary Enterprises</td>
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<tr>
<td>Restricted Funds (Gifts, Grants, Contracts)</td>
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<td>Loan Funds (Federal only)</td>
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<tr>
<td>Plant Funds</td>
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<td>Unexpended (the Capital Construction budget)</td>
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</tr>
<tr>
<td>Retirement of Indebtedness</td>
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</tbody>
</table>
Education and General Services, as a budget category, includes several functional accounting subgroups (instruction, libraries, etc.). "Instruction" includes numerous accounts (one for each academic department at each institution); libraries and museums includes separate accounts for libraries, museums, and instruction support (such as audio-visual services) at each institution. Each of these units has a budget and a program. Yet, the budget decisions heretofore made by the Board do not generally include review of the programs of individual departments within an institution. Nor is the Board called upon to make readjustments of the funds to be allocated to each institution, except on the basis of a "formula" or for specific program changes, individually considered.

1) The "formula-based" budget (Education and General Services)

The Board of Higher Education was created to reduce the political conflict among the colleges and universities in seeking legislative approval of institutional budgets. The assumption was—and is—that the Board should be charged with achieving the maximum quality of operations throughout the State System permitted by the legislative appropriation.

The Board has not been directed as to the methodology for achieving that goal. Hypothetically, the Board could examine the program of each academic department in each institution and make a judgment as to the appropriate level of equitable funding for each department and, hence, for each institution. Making such judgments (and making them soundly) requires, however, a substantial effort and use of knowledge about each discipline, the relative skills of each instructor, the costs and utility of instructional equipment and supplies and the application to such information of a consistent academic philosophy. Practically, the Board does not have the time to make 300-plus judgments on the funding needed by each academic department. Rather, it relies on institutional presidents to make such judgments and expects them to determine the institutional allocations.

But how can the Board treat the institutions fairly, if it does not make detailed program judgments? The 1977-1979 pattern is to use for "education and general services" the legislatively-approved level of funding for 1976-77, analyze it into component parts and project those changes required by shifting enrollment, inflation, and new programs to arrive at a level of funding that continues the 1976-77 allocations, as modified in specifically reviewed ways.

The so-called "cost-per-student" formula is a fairly refined technique, although it is subject to improvement. It recognizes two basic categories of institutional cost. One category is quite directly subject to change, depending on numbers of students. It is further refined to recognize variations in costs for the education of lower division, of upper division, and of graduate students. The other category of cost to which this measure applies includes instruction (including academic administration), libraries and other instructional support services, and the various student services (counseling, the registrar, etc.). The other category of costs in the so-called "cost-per-student" formula includes all other costs. For the most part, it is affected only to a limited extent by the number of students. These 'other costs' include physical plant, general administration and other general institutional costs. No change in these budgets is made except for inflation in the costs of the current level of activity, specifically identified workload changes, and program improvements.
The "cost-per-student" formula budget (as presently designed) has been criticized on several counts:

(a) Costs of libraries and other instructional services are less responsive to the number of students than to other factors.

(b) Student services respond to the number of headcount rather than full-time equivalent students.

(c) The use of full-time lower division, upper division, and graduate students is a fairly gross measure of direct instructional cost. Another approach, responsive to the level of courses and the disciplines being taught, would be more equitable.

(d) Salaries of academic deans are included in the instruction budget, rather than in the administration function. This is an arguable matter of choice.

(2) The program-oriented budgets

Each of the other elements of the Department's budget request considers a separate, identifiable program or group of activities. The separation from institutional budgets is impelled in part by a desire to keep the "cost of instruction" fiscally clean. However, as noted below, this is not always feasible.

(a) University Hospital

The Hospital budget is massive, with many component parts. It is a difficult budget to evaluate because of its interrelationship with the teaching functions of the medical, nursing and dental schools. Funding for it is complicated by the fact that it treats a rather high percentage of nonpaying patients. The 1977 Legislature directed (by Ways and Means budget report) that the Hospital identify "charity allowances" by medical service, effective July 1, 1978.

It is noted that the next three programs could be integrated with the Hospital budget, although the loss of visibility might not be advantageous.

(b) Crippled Children's Division

This program relies heavily on federal funds and the purchase of service by other state agencies. It is also supported by General Fund appropriation and patient charges.

(c) Dental Clinics

This adjunct of the Dental School Teaching program is "fully self-supporting" from patient fees but some of the costs (e.g., dental chairs) are funded as a part of the Education and General Services General Fund appropriation.

(d) Rural Medical Act

This is a relatively new program, having as its objective the encouragement of Medical School graduates to serve in areas of less concentrated population. It is fully funded by General Fund appropriation. It may eventually become a part of the Education and General Services appropriation.
(e) **Ammiocentesis program**

A new program established by the 1977 Legislature, funded by both General Fund appropriation and patient fees.

(f) **Agricultural Experiment Station**

This and the next two programs are operated under the aegis of Oregon State University but are separately budgeted because of their special sources of funds and the need to exclude the costs from the cost-of-instruction budgets. The Agricultural Experiment Station includes experimentation relating to the major varieties of agricultural activity in the varying climatic and soil conditions of Oregon and dissemination of the results. The program is related to the program of instruction in the School of Agriculture. It is financed by state, federal, and private funds.

(g) **Cooperative Extension Service**

In a variety of ways, the cooperative extension program seeks to bring the knowledge of the campus to communities across the state (including, in recent years, an urban emphasis). 4-H Clubs and homemaking assistance augment the more distinctly agricultural information disseminated. The programs are funded from state, federal, and county sources, plus participant fees.

(h) **Forest Research Laboratory**

This program seeks, through research, to improve the effectiveness of both forest management and the utilization of forest products. It addresses problems of small as well as large operations. It is funded primarily by state appropriation and a forest products harvest tax, plus federal funds and sales fees.

(i) **Oregon Educational and Public Broadcasting Service**

Radio and television have been viewed as instruments of public information and education. Although not peculiarly suited to higher education, there are persuasive reasons for assignment of the management of these state facilities to the Department of Higher Education. OEPBS is funded by state appropriation, federal grants, and private gifts.

(j) **Division of Continuing Education**

The Division endeavors to provide opportunities for college and university classes in areas not otherwise served by existing institutions. It is funded entirely by tuition payments and fees for services.

(3) **The "other" budgets**

There are several other activities of the Department that are separately budgeted. They are grouped here because their review is usually routine (except for the capital construction program).
(a) **Auxiliary Activities**

There are numerous campus activities which are deemed advantageous to students but which are essentially self-sustaining. They are separately budgeted in the following categories (but with a single expenditure limitation):

- Residence and dining halls
- Other housing and rental property
- Cafeterias
- Student centers
- Bookstores
- Athletic activities
- Educational activities
- Health service
- Parking
- Other.

These are supported by charges for service, student fees, and gifts.

(b) **NDSL and Health Profession Loans**

This program is funded by federal and state appropriations on a 9:1 ratio plus repayments.

(c) **Debt service**

On Article XI-G bonds the debt service is met by state appropriation; on Article XI-F(1) bonds the debt service comes from net income of auxiliary activities plus the student building fee.

(d) **Gifts, grants, and contracts**

Receipts of grants and contracts are continuously appropriated for the purposes for which given. Because the receipts cannot be accurately foretold, the process of budgeting is very tenuous. An effort is made to estimate by extrapolation how much will be spent in support of each of the Education and General Services functions (instruction, student support, etc.) and by category (salaries, equipment, etc.). However, no workload measure or measures have been (or likely can be) applied to grants and contracts for biennial budget purposes. Generally, it can be assumed that the grantors or the contractors will take the steps necessary to assure that their funds are properly used.

Some research is funded as nonsponsored research or as a public service. Question is sometimes raised whether the research needs of the state are adequately addressed. The Department has assumed that its research budget requests normally should relate to its educational operations, not to research needs perceived elsewhere.
On most grant or contract activity funded by the federal government (about 80% of the total), some "sharing of effort" is expected. Such sharing is usually in the form of staff time. The shared staff effort in nearly every instance is already being directed to activities that mesh with the grant or contract subject and, furthermore, represent the kind of research in, or practical application of, an academic discipline that a professor would be engaged in without the added grant or contract support.

(e) Operating accounts

These budgets are for "Organized Activities Related to Educational Departments." They are self-sustaining from charges for the specific services or materials provided. Examples: dramatic and musical productions; field trips; publications; foreign study programs. "Service Departments" (data processing, car pools, copy services, etc.) are fully supported by charges to the using unit and are treated budgetarily as memorandum budgets.

(f) Capital construction

This budget is presented and considered as a separate matter from the operating budget. The two are coordinated by staff and in Board review. Funding is provided by General Fund appropriation, bond issues, student building fees, and net income from auxiliary activities.

4. The critical issues to be addressed

But a budget is not a set of accounts; it is a description of aspirations and plans. The description includes estimates of costs but the estimates are only a monetary expression of judgments about the wise use of limited resources.

For the Board of Higher Education, the judgments should be made about those matters which will vitally affect the future role of the Department. The Board should identify those matters which are essential to decide in the budget process that will determine the emphases, the quality, and the quantity of the services to characterize the operation of the Department.

The issues to be addressed may include some or all of the following:

a. Goals and missions

Although the goals and missions should underlie the preparation of a budget, their determination should normally be considered separately. Periodic reconsideration of goals and missions is to be encouraged and modifications clearly reflected in the budget, but the time constraints on the budget process suggest that changes of goals or missions be subject to a non-budgetary procedure (albeit one that includes fiscal considerations).

b. The estimated workload

Goals and missions imply work to be performed. It is essential to effective budgeting to estimate the workload that is consistent with the mission.
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(1) **Students**

The key workload for the Department of Higher Education is the type and number of students to be enrolled.

(a) **Type**

The Board faces crucial decisions in determining what type of students it recommends for enrollment. It may opt for "open access" or for limitations on enrollment in at least five kinds of categories:

- by student level (freshman, sophomore, etc.)
- by place of residence (resident, foreign, etc.)
- by place of instruction (enrollment "targets")
- by level of instruction (lower division, etc.)
- by discipline (history, English, etc.).

The Board should clearly decide whether the estimated enrollments reflect the types of students it expects to serve, and which classification categories are most pertinent to the budget process.

(b) **Number**

The Board may wish to modify an emphasis by expanding or restricting enrollment of lower division, or foreign, or graduate students. It limits enrollment in law and medicine; it specifically encourages enrollment at the colleges. The decision about numbers is clearly critical.

(2) **Patients**

The workloads of the University Hospital, the Crippled Children's Division, and the Dental Clinics are subject to estimate and action by the Board. Particularly important is the extent of patient payment.

(3) **Other**

Many activities of the Department are not "driven" by enrollment or patient-days or clinic visits. Workload or output measures should be provided in sufficient measure to assure that the budget is adequately supported, whether for research activities, auxiliary enterprises, agricultural experiments, or other activity.

c. **The basis for estimating costs**

The Board must also deal with the question of the form and process by which costs of the estimated workload are calculated. There are a number of choices.

(1) **Formulas**

The practice of the Department has been to estimate the "cost of instruction" by use of a formula, which varies from institution to institution (chiefly reflecting differences in mission and in
physical plant). The present formula is chiefly responsive to
differences in enrollment by student level. The formula approach
minimizes interinstitutional rivalry and assumes substantial
freedom in the intra-institutional allocations of funds. The
Board should explicitly affirm, modify, or abolish the formulas.
If a formula is used, it should be adjusted for price changes in
accord with the judgment of the Board and/or the instructions of
the Executive Department.

(2) Prior unit costs

The assumption that prior administrative decisions have achieved
effective use of available funds (as measured quantitatively and
qualitatively) has considerable merit. The use of unit costs for
activities not included in a cost-of-instruction formula, adjusted
for price changes and workload changes, is a relatively simple
task. Unit costs for heating, janitorial and other functions can
be derived but there are many activities for which unit costs are
not easily defined (general administration, for example).

(3) Prior expenditures

For some budget elements (assessments, dues, and other relatively
fixed items) continuation of past levels of expenditure, adjusted
for price changes, may be the best available method. The Board
should decide whether this is a fair basis for particular budget
items.

(4) Special considerations

There are expenditures which do not quite fit any of the foregoing
cost-estimating bases. Salary adjustment is one such category.
Another significant example is the question of how to provide a
higher degree of budget stability than a workload-driven cost
estimate permits. Capital construction costs rely on architectural
estimates. The Board should decide the considerations to be uti-
lized.

d. Authorizing new instructional programs or activities

New instructional programs or activities requested in the budget must
be specifically authorized by the Board.

In the case of major undertakings, the Board would give explicit attention
to each item. In the 1977-1979 budget, for example, the request for
support of the Veterinary Medicine program was presented and reviewed
in detail.

e. Determining the qualitative level of support

The Board may request funding to maintain the current quality of existing
programs, or to modify the level of quality. The Board may approach
the question in part through authorizing a small percentage (or dollar)
increment for program improvement to be recommended at institutional
discretion. The institutions and statewide services would define how
such increments would be used. Presumably, the Board would accept or
modify the list. In doing so, it faces two types of decisions.
The bases of qualitative comparison

Whatever the direction of the qualitative change desired by the Board, it must adopt some standard of comparison. It may be:

(a) An historical standard

Assuming that current levels of funding provide a proper base for measurement, a change can be predicated on the historical standard. It can be an actual (current year or some previous year or years), a budgeted, or a legislatively authorized base. The Board makes the choice.

(b) An intra-state standard

What do other comparable entities in Oregon spend for similar activities? The Board must judge the validity of the comparisons.

(c) An external standard

For any state agency, comparisons with corresponding agencies in other states may be more apropos than intra-state or historical standards. The choice among other states is extremely important and deserves the Board's careful consideration, if it chooses to base its request in part on such comparisons.

Priorities

The level of support that is sought is an expression of priorities. In the State of Oregon's effort to formalize the determination of Alternative Levels of Program Support (APLS), the Board must begin to devise a budget request that speaks to comparative priorities. In the past, "program improvements" have taken a lower priority than the base budget or workload increases. The Board will need to identify its priorities, while resolving (if it can) the dilemmas posed by the interrelatedness of the various program elements.

f. Financial resources

A budget is not simply a plan for expenditures; it must include provision for the necessary financial resources. Again, the Board has a number of critical choices:

(1) The student share

The Board must make decisions about tuition and fees (including residence hall rates) and about sources of student financial aid. These will have a substantial effect on student access to higher education. The shares to be borne by graduate and undergraduate, resident and nonresident, full-time and part-time, degree candidates and others—these and other considerations complicate the selection of options. The Board's decisions are reviewed annually in the setting of tuition and fees but also need to be reviewed during the budget process. They are influenced by prior legislative comment.
(2) *The patient share*

A major consideration for the University Hospital, the Crippled Children's Division, and the Dental Clinics is the extent of service to be provided to patients who cannot pay and how such costs are to be recovered.

(3) *Other payments*

Many activities are appropriately financed by charges to individuals or to other entities. The Board should consider the propriety of such charges.

(4) *Gifts, grants, and contracts*

Many essential activities are funded by other units of government, by private foundations, and by individual gifts or grants. The Board has established policies relating to grant applications and grant acceptance. In connection with the budget process, the Board may wish to consider whether these policies provide adequate guidance for the budgeting of such funds.

(5) *General Fund appropriation*

The balancing item for major portions of the Department’s budget is the General Fund appropriation. The Board will always wish to consider whether the impact of its request for General Fund appropriations is prudently reasonable.

When the Board has addressed each of the budget issues which have just been described, it has significantly shaped the budget request of the Department. To some, it may appear that the Board has not engaged in "real" budgeting. It is true that the type of issues just described do not call on the Board to consider every position or individual items of equipment or even the costs of individual academic departments. However, if the Board is not to become overwhelmed by budget detail (and vastly expand its staff), it is well-advised to choose the kinds of decisions it will make with care and require that the budget data on which it bases its decisions be arrayed in a manner that will facilitate those decisions.

**SOME TENTATIVE IDEAS ABOUT ARRAYING 1979-1981 BUDGET REQUEST INFORMATION**

The preparation of the 1979-1981 budget will generally follow past format, in accordance with the Executive Department directive, but it can begin the movement to a presentation consistent with the Alternative Program Levels System (APLS) being designed by the Executive Department to apply the decision package/priorities concepts. It should also attempt to refine and adapt its formula for the cost-of-instruction calculations to improve its validity.

This section of this report is offered as a basis for future discussions with the Board, the Executive Department, and the Educational Coordinating Commission about the ultimate requirements for budgeting in an Alternative Program Levels System.

1. **The decision packages**

The Federal Office of Management and Budget Bulletin No. 77-9 (April 19, 1977) defines a "decision package" as "a brief justification document that includes the information necessary for managers to make judgments on program or activity levels and resource requirements. A series of decision packages (a decision package set) is prepared for each decision unit and cumulatively represents the total budget request for that unit."
a. Decision units

The first step in implementing APLS for the Department of Higher Education would be the identification of the decision units that would permit development of decision packages matched to "the information needs of higher level management." (OMB Bulletin 77-9.) The Bulletin goes on to caution against excessive paperwork, while encouraging "meaningful work analysis." The Bulletin also suggests that the decision unit is one where "the manager makes major decisions on the amount of spending and the scope, direction, or quality of work to be performed."

A major set of decisions will relate to the identification of budgets and whether to retain the present fund accounting base. The major fund group in the present alignment is Education and General Services.

The most difficult choice of the decision unit within the Department of Higher Education would be for the Education and General Services budget entity. It would be a grave reversal of basic policy to identify an institution or subordinate units (schools, colleges, divisions, or academic departments) as a decision unit in the APL/System. Instead, it is suggested that for the Educational and General Services budget, the decision units should be (1) the colleges and universities, (2) Oregon Institute of Technology, and (5) the Health Sciences Center. The decision packages might be presented in terms of the level of instruction (lower division; upper division; first level graduate; second level graduate; medical, dental, and nursing)—not in terms of individual disciplines, since enrollments should be subject to student choice. The State System offers a budgetarily limited number of units of opportunity for postsecondary education. The mix of disciplinary offerings should be left flexible to permit response to changing demand.

The Education and General Services decision packages might well segregate direct instructional cost from each of the other functions (instructional support, student support, physical plant operation, etc.). Since the allocations to the several institutions need to be equitable, the functional budgets might be based on separate formulas for each function, as adopted by the Board of Higher Education.

The other decision units (the statewide public services and auxiliary enterprises) might be expected to conform to the budget procedures applicable to other state agencies.

b. Decision packages and sets

The quantity of lower division instruction offered (the number of students to be enrolled) has an impact on the extent of library services, student counseling, business office and other expenses. It is likely, therefore, that there will need to be a grouping of functional decision packages reflecting different levels of potential enrollment.

For several budget units, the level of service will be dictated by external sources.

2. Prioritization

a. "Other Funds" units

If the existing fund accounting structure is retained, it would seem to follow that the Dental Clinics, the Division of Continuing Education, Operating Accounts (other than Rural Medical and Amniocentesis), Auxiliary Enterprises, and Gifts, Grants, and Contracts should be treated as free-standing budgets, outside the Department's priorities for packages receiving General Fund support.
b. **Capital construction**

Conceivably, capital construction requests could be merged with operating budget requests. This has a certain logic but may be impractical, less for the Board of Higher Education than for the reviewing agencies.

c. **Instruction, research and public service priorities**

The problems of prioritizing these activities, in view of their interrelationships, needs to be accommodated. For example, the whole budget of the University Hospital (including decisions about charity allowances) is a consequence of the needs of Medical and Nursing instruction. Agricultural experiments—useful to the state in their own right—offer a substantial benefit to instruction in Agriculture at Oregon State University.

It would be far simpler and may be appropriate for the Board of Higher Education to treat the public services as unitary decision sets, ranked separately from the Board’s priority for the instruction function and its direct support.

* * * *

Review of the Department of Higher Education budget can never be a simple task. It is a large and complex budget. The Alternative Program Level System does not represent as major a change in identification and prioritization of decision packages as may at first appear. The Department has consistently sought to identify its priorities and the major decisions to be made. The challenge for the 1979-1981 budget is to design the presentation so as to identify significant choices about the scope, direction, and magnitude of the Department’s operations.

Guidelines for the Regional State Colleges—BOSC and SOSC

(Considered by Committee on Instruction, Research, and Public Service Programs, October 21, 1977; present—Carpenter, Feves, Daniels, Harms, Wyss.)

Current institutional guidelines were adopted by the State Board of Higher Education in January 1973, when none of the present Board members were on the Board.

As regional college requests for authorization to offer new instructional programs have come before the Board’s Committee on Instruction, Research, and Public Service Programs, attention has quite naturally turned to the guidelines for the institutions, with two queries:

- Is the proposed new instructional program consistent with the guidelines adopted by the Board for the institution?
- Do the current institutional guidelines accurately reflect the present Board’s views as to the mission, goals, and role appropriate to Southern and Eastern Oregon State Colleges?

Responsive to this latter query, the Board’s Office has, on several occasions in the past, presented to the Committee information concerning the characteristics of Southern and Eastern Oregon State Colleges and their mission and role under current guidelines. But neither the Committee nor the Board has wished to act formally on the guidelines—either to modify them or to endorse them anew—without having had occasion to visit the campuses and inform themselves through first-hand contact with staff and students concerning institutional needs, institutional characteristics, and issues affecting the institutions in their regional settings.
Accordingly, campus visits were scheduled by the Board's Office for members of the Board at Eastern Oregon State College in April 1977, and at Southern Oregon State College in June 1977.

These campus visits having been completed, it now seems appropriate for the Board's Committee to review the institutional guidelines for Southern and Eastern Oregon State Colleges, and to make such modifications or changes in them as seem appropriate to the members of the Board.

Staff Recommendation to the Committee

The Board's Office recommended that the Board adopt the guidelines for Southern Oregon State College and Eastern Oregon State College which appear below as replacement for the guidelines currently in effect as shown in the appendix of the full report.

Guidelines for Eastern Oregon State College

Eastern Oregon State College is a regional multipurpose state college serving the state and the eastern region of Oregon through programs of instruction, research, and public service based upon curricula in the liberal arts, and in selected professional, vocational, and preprofessional fields, as authorized by the State Board of Higher Education.

Eastern Oregon State College's capacity to respond vigorously and effectively to future opportunities for service to the eastern region and to the state depends, in important measure, upon Eastern Oregon State College's capacity for husbanding its resources and using them effectively in pursuit of carefully defined goals and objectives. To that end, these guidelines are set forth.

1. A regional educational, social, cultural center

Service to the region is the primary focus of Eastern Oregon State College, although, as a state institution, it fulfills state responsibilities as well (e.g., enrolls students from outside the region, participates in planning and public service programs having statewide impact).

As a regional service center, Eastern Oregon State College seeks to serve the educational, social, cultural, and economic needs of the eastern region through programs of instruction, service, and research. It serves the state more broadly by providing a small college alternative to interested students.

In fulfilling its regional function, Eastern Oregon State College will coordinate its planning and other activities with other agencies having the capacity to serve eastern Oregon regional needs (e.g., Cooperative Extension Service, Division of Continuing Education, community colleges, intermediate education districts, public schools, other governmental units, private agencies), and, where appropriate, will serve a brokerage function in bringing resources to bear on the needs of the area.

2. Instructional role

a. Eastern Oregon State College's most pervasive and most important function is instruction. The goal of that instruction is to offer students, through curricular and extra-curricular activities, learning opportunities that will:

(1) Provide them with a sound general education that will enable them to gain an appreciation for the arts, letters, and sciences that undergird civilization and will offer them opportunity to develop the ability to think rationally and communicate effectively.
(2) Sensitize them to their responsibilities as citizens in the broader community; encourage the development of democratic ideals that are basic to political, social, and cultural problems and processes.

(3) Offer them the means to develop the knowledge, skills, and abilities that will enable them to become economically self-sufficient through employment reasonably related to their capacities, interests, and preparation.

(4) Enable them to develop the skills and abilities for pursuing knowledge independently so that they may continue learning throughout a lifetime.

b. Undergraduate instruction is the most important instructional function at Eastern Oregon State College, but graduate offerings in elementary and secondary teacher education also constitute a significant contribution to instruction in the eastern region.

c. It is not expected that the Board will consider authorizing Eastern Oregon State College graduate programs in the departmental areas of the humanities, social sciences, and sciences, or in professional areas, beyond those in elementary and secondary teacher education.

d. A principal effort will be directed by Eastern Oregon State College to finding ways of serving the educational needs of those in the eastern region who, though beyond the usual college-going years, need access to educational programs for self-development of various kinds, associated with advancement toward their career goals, or for self-improvement unrelated to the world of work.

This will require a re-thinking of the institution's purposes and a re-packaging of institutional resources, so as to make available needed instruction to this student clientele, at a time and place, and in a format that is both inviting and effective. If Eastern Oregon State College would continue to be a vital factor in the life of the eastern region, it cannot ignore this educational need. This is one of the most important unmet needs faced by Eastern Oregon State College in the future.

3. Curricula

As a regional state college with very modest admissions requirements, Eastern Oregon State College must, of necessity, offer a diversity of curricular programs to serve the needs and interests of a very diverse student body. These programs extend from sub-baccalaureate programs leading to an associate degree, to master's level work in elementary and secondary teacher education.

a. Strong undergraduate liberal arts offerings will continue to be a primary focus at Eastern Oregon State College, serving the general education needs of the college, undergirding the professional programs (e.g., teacher education, agri-business, business economics, community service), and providing major programs of study in the liberal arts leading to the baccalaureate degree.

b. Interdisciplinary programs at the undergraduate level will continue to be an integral part of Eastern Oregon State College curricula. They provide an avenue through which students may draw upon resources in a variety of disciplines in meeting their personal educational needs, particularly when those needs relate to complex social problems.
c. Professional programs at the baccalaureate level (e.g., teacher education, agri-business, business, and economics, community service) and the master's degree level (e.g., teacher education) will continue to be a significant aspect of the Eastern Oregon State College curricula, the particular programs authorized being dependent upon a showing of need for the program, and availability of resources therefor.

d. Preprofessional programs will continue to be offered, giving access to basic preprofessional education of from one to four years, leading to admission into professional programs in other institutions to which Eastern Oregon State College students may transfer upon completion of the preprofessional program.

e. Sub-baccalaureate programs leading to a certificate or associate degree (e.g., secretarial science, medical and dental secretary, early childhood education, community service) will continue to be offered as an important aspect of the college's role, when it is apparent that service to the region will be enhanced by so doing, and the resources are available.

Eastern Oregon State College will coordinate its planning for sub-baccalaureate programs with community colleges in the region to avoid unnecessary duplication of effort and resources.

4. Research role

a. Scholarship is important at all levels of instruction and faculty are expected to keep abreast of developments in their fields, adding, thus, interest and zest to their teaching.

b. Although research is not a major institutional mission at Eastern Oregon State College, it is recognized that Eastern Oregon State College faculty are vitally interested in carrying on research activities within the limits of their available time and resources, and that such research may provide an important resource base to the eastern region, enhance the learning atmosphere, offer to students valuable learning experiences, and enhance the faculty member's capacity for service.

5. Public service

As a regional educational, cultural, and social center for the eastern region of the state, Eastern Oregon State College considers public service an important aspect of its mission.

Limited only by the prior claims that formal instruction makes upon its resources, Eastern Oregon State College will seek to give fullest possible expression to its commitment to public service through a variety of activities of which the following are illustrative:

a. Recognizing the need in the eastern region for industry, business, professions, government, and other agencies to keep abreast of developments in their areas of interest, Eastern Oregon State College will seek ways of making the expertise of its faculty and the other resources of the institution maximally available (through such means as practicum courses; student volunteer programs sponsored by the college; compilation of economic, social and other data particularly relevant to the economic and social development of the eastern region; maintenance of an eastern regional resource library; conducting research studies and investigations for local and regional agencies and groups; offering of workshops, conferences, short courses; issuing publications relevant to the problems of the eastern region) to the broader community, consistent with the institution's primary instructional function.
b. Eastern Oregon State College will also foster and participate in programs of public service focused on the needs of other target groups (e.g., women, senior citizens).

6. **Admissions**

As a regional state college, Eastern Oregon State College's admissions requirements will be maintained at a modest level in order that the college may serve the educational needs of the wide range of regional students who look to the college for service.

7. **Attrition**

Given Eastern Oregon State College's modest admissions requirements, the college will be responsive to the need for effective programs of student advisement and counseling and for supplementary assistance to students (e.g., skill-development activities to improve reading, writing, study skills; tutoring where appropriate) in order that students may have the optimum opportunity for academic success.

The college will seek to discover the causes for student attrition stemming from academic failure and will seek to reduce the causes of such attrition.

8. **Staff development**

In the interest of maintaining faculty and staff effectiveness, Eastern Oregon State College will maintain a planned program of staff development.

9. **Freedom of inquiry**

Eastern Oregon State College will maintain an environment in which freedom and responsibility are jointed in the protection of: the freedom to inquire, freedom of opinion and of expression, and the right to dissent in a manner consistent with the integrity of the institution and the freedom of the academic community.

10. **Institutional self-study**

Eastern Oregon State College will maintain a program of institutional self-study to evaluate the college's objectives and operations, and for planning the college's development as a cooperating unit within the State System of Higher Education, and within the broader educational and social community.

**Guidelines for Southern Oregon State College**

Southern Oregon State College is a regional multipurpose state college serving the state and the southern region of Oregon through programs of instruction, research, and public service based upon curricula in the liberal arts, and in selected professional, vocational, and preprofessional fields, as authorized by the State Board of Higher Education.

Southern Oregon State College's capacity to respond vigorously to future opportunities for service to the southern region and to the state depends, in important measure, upon Southern Oregon State College's capacity for husbanding its resources and using them effectively in pursuit of carefully-defined goals and objectives. To that end, these guidelines are set forth.
1. A regional educational, social, cultural center

As a regional service center, Southern Oregon State College seeks to serve the educational, social, cultural, and economic needs of the region through programs of instruction, service, and research. It serves the state more broadly by providing a small college alternative to interested students.

In fulfilling its regional function, Southern Oregon State College will coordinate its planning and other activities with other agencies having the capacity to serve southern Oregon regional needs (e.g., Cooperative Extension Service, Division of Continuing Education, community colleges, intermediate education districts, public schools, other governmental units, private agencies), and, where appropriate, will serve a brokerage function in bringing resources to bear on the needs of the area.

2. Instructional role

a. Southern Oregon State College's most pervasive and most important function is instruction. The goal of that instruction is to offer students, through curricular and extra-curricular activities, learning opportunities that will:

   (1) Provide them with a sound general education that will enable them to gain an appreciation for the arts, letters, and sciences that undergird civilization and will offer them opportunity to develop the ability to think rationally and communicate effectively.

   (2) Sensitize them to their responsibilities as citizens in the broader community; encourage the development of democratic ideals that are basic to political, social, and cultural problems and processes.

   (3) Offer them the means to develop the knowledge, skills, and abilities that will enable them to become economically self-sufficient through employment reasonably related to their capacities, interests, and preparation.

   (4) Enable them to develop the skills and abilities for pursuing knowledge independently so that they may continue learning throughout a lifetime.

b. Undergraduate instruction is the most important instructional function at Southern Oregon State College, but graduate offerings in elementary and secondary teacher education, in business administration, and in interdisciplinary studies constitute a significant contribution to instruction in the southern region.

c. The Board will give consideration to authorizing Southern Oregon State College graduate programs in the departmental areas of the humanities, social sciences, and sciences, or in additional professional fields only if a strong case can be made as to need for the program, and the resources therefor are assured.

d. A principal effort will be directed by Southern Oregon State College to finding ways of serving the educational needs of those in the southern region who, though beyond the usual college-going years, need access to educational programs for self-development of various kinds, associated with advancement toward their career goals, or for self-improvement unrelated to the world of work.
This will require a re-thinking of the institution's purposes and a re-packaging of institutional resources, so as to make available needed instruction to this student clientele, at a time and place, and in a format that is both inviting and effective. If Southern Oregon State College would continue to be a vital factor in the life of the southern region, it cannot ignore this educational need. This is one of the most important unmet needs faced by Southern Oregon State College in the future.

3. Curricula

As a regional state college, geographically remote, Southern Oregon State College must, of necessity, offer a diversity of curricular programs to serve the needs and interests of a very diverse student body. These programs extend from sub-baccalaureate programs leading to an associate degree, to master's level work in selected fields (i.e., elementary and secondary teacher education, business administration, general studies, and interdisciplinary studies) as set forth in the following terms.

a. Strong undergraduate liberal arts offerings will continue to be a primary focus at Southern Oregon State College, serving the general education needs of the college, undergirding the professional programs (e.g., teacher education, business administration, criminology, nursing, social science-social service), and providing major programs of study in the liberal arts leading to the baccalaureate degree.

Graduate liberal arts courses authorized Southern Oregon State College in support of professional programs will continue to serve the needs of the programs leading to the master's degrees in interdisciplinary studies and in general studies.

b. Interdisciplinary programs at the undergraduate and master's degree levels will continue to be an integral part of Southern Oregon State College curricula. They provide an avenue through which students may draw upon resources in a variety of disciplines in meeting their personal educational needs, particularly when those needs relate to complex social problems.

c. Professional programs at the baccalaureate level (e.g., teacher education, business administration, nursing, criminology, social science-social service) and the master's degree level (e.g., teacher education, business administration) will continue to be a significant aspect of the Southern Oregon State College curricula, the particular programs authorized being dependent upon a showing of need for the program, and availability of resources therefor.

(1) Southern Oregon State College will seek to capitalize on (a) the resources of its faculty and campus, (b) its location adjacent to a renowned theater center, to the development of which Southern Oregon State College faculty have made major contributions, and (c) regional resources in the arts, to develop as a center for the theater, music, and allied performing arts such as the dance, and art.

(2) Southern Oregon State College will explore fully the opportunities for utilizing the specialized resources of the increasingly substantial hospital and medical center complex that is developing in Medford in the development of baccalaureate programs in the health sciences and allied health fields in which the demand for qualified practitioners suggests the need for additional preparation programs in the State System.
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d. Preprofessional programs will continue to be offered, giving access to basic preprofessional education of from one to four years, leading to admission into professional programs in other institutions to which Southern Oregon State College students may transfer upon completion of the preprofessional program.

e. Sub-baccalaureate programs leading to a certificate or associate degree (e.g., secretarial science, medical/dental receptionist, theater, nursing, office administration) will continue to be offered as an important aspect of the college's role, when it is apparent that service to the region will be enhanced by so doing, and the resources are available.

Southern Oregon State College will coordinate its planning for sub-baccalaureate programs with community colleges in the region to avoid unnecessary duplication of effort and resources.

4. Research role

a. Scholarship is important at all levels of instruction and faculty are expected to keep abreast of developments in their fields, adding, thus, interest and zest to their teaching.

b. Although research is not a major institutional mission at Southern Oregon State College, it is recognized that Southern Oregon State College faculty are vitally interested in carrying on research activities within the limits of their available time and resources, and that such research may provide an important resource base to the southern region, enhance the learning atmosphere, offer to students valuable learning experiences, and enhance the faculty member's capacity for service. Institutional efforts will be made to improve both the climate and support for appropriate research activities.

5. Public service

As a regional educational, cultural, and social center for the southern region of the state, Southern Oregon State College considers public service an important aspect of its mission.

Limited only by the prior claims that formal instruction makes upon Southern Oregon State College's resources, Southern Oregon State College will seek to give fullest possible expression to its commitment to public service through a variety of activities of which the following are illustrative:

a. Recognizing the need in the southern region for industry, business, professions, government, and other agencies to keep abreast of developments in their areas of interest, Southern Oregon State College will seek ways of making the expertise of its faculty and the other resources of the institution maximally available (through such means as: compilation of economic, social, and other data particularly relevant to the economic and social development of the southern region; maintenance of a southern regional resource library; conducting research studies and investigations for local and regional agencies and groups; offering of workshops, conferences, short courses; issuing publications relevant to the problems of the southern region) to the broader community, consistent with the institution's primary instructional function.

b. Southern Oregon State College will also foster and participate in programs of public service focused on the needs of other target groups (e.g., women, senior citizens).
6. Admissions

As a regional state college, Southern Oregon State College's admissions requirements will be maintained at a modest level in order that the college may serve the educational needs of the wide range of regional students who look to the college for service.

7. Attrition

Given Southern Oregon State College's modest admissions requirements, the college will be responsive to the need for effective programs of student advisement and counseling and for supplementary assistance to students (e.g., skill-development activities to improve reading, writing, study skills; tutoring where appropriate) in order that students may have the optimum opportunity for academic success.

The college will seek to discover the causes for student attrition stemming from academic failure and will seek to reduce the causes of such attrition.

8. Staff development

In the interest of maintaining faculty and staff effectiveness, Southern Oregon State College will maintain a planned program of staff development.

9. Freedom of inquiry

Southern Oregon State College will maintain an environment in which freedom and responsibility are joined in the protection of: the freedom to inquire, freedom of opinion and of expression, and the right to dissent in a manner consistent with the integrity of the institution and the freedom of the academic community.

10. Institutional self-study

Southern Oregon State College will maintain a program of institutional self-study to evaluate the college's objectives and operations, and for planning the college's development as a cooperating unit within the State System of Higher Education, and within the broader educational and social community.

Discussion and Recommendation by the Committee

Dr. Romney noted that information concerning Eastern Oregon and Southern Oregon State Colleges has been reviewed by the Committee in reasonable detail on several occasions over the past year. The Committee members have also had opportunity to visit both institutions in the recent past.

Dr. Romney reviewed briefly for the Committee the history of the two institutions, which, he pointed out, was quite similar.

- Both began as normal schools with a principal mission of producing elementary teachers, Southern Oregon State College in 1926 and Eastern Oregon State College in 1929. Both evolved from normal school to state teachers college and then to state college status.

- Both institutions are inclusive in their student bodies, in that, being regional institutions in areas of the state geographically remote, they have maintained modest admissions requirements in order to serve a broad range of students.

- There is in each institution a significant attrition, in part because people transfer to other institutions, and in part because some of the students find difficulty in doing academic work.

As a consequence, a somewhat larger proportion (around 60%) of their student bodies have consisted of lower-division students than is true of other institutions (e.g., 40% of the students at Oregon College of Education are in the lower-division; 30% at Portland State University).
Both institutions are giving attention to improving the holding power of their institutions through improved advisement and improved and expanded supplementary assistance to students in basic skills.

Both institutions offer a range of programs from sub-baccalaureate through master's degree. Sub-baccalaureate programs are traditional at these institutions. With the development of the community colleges, it has been customary to confer with colleagues in the community college area of the State Department of Education in determining when new sub-baccalaureate programs should be added.

Master's degree work at Eastern Oregon State College is restricted to elementary and secondary education. Southern Oregon State College, with a larger student body, offers master's degree programs in education, business administration, and interdisciplinary studies.

Establishment of a community college in the vicinity of either of these two colleges could have a very serious impact. It is for this reason that the Board and the institutions have been very much concerned with the issue of the role and mission of these institutions in their respective regions. Mr. Harms and Mrs. Daniels are both serving as members of a task force involving the State Board of Education, the State Board of Higher Education, and the Educational Coordinating Commission which is meeting regularly now to consider, among other matters, the relationship of the community colleges to areas of the state which are unserved by community colleges.

Both institutions are seeking to reach out into their regions to extend campus instructional and public service offerings to the people in these regions. This is resulting in a number of problems both in funding and in coordination of these efforts with neighboring educational institutions.

Neither institution has a major research role to play, although scholarship is important at all levels of instruction, and faculty of the regional state colleges are expected to keep abreast of developments in their fields.

Dr. Romney said the two presidents and faculty representatives were present to testify concerning the proposed guidelines.

A. Eastern Oregon State College Guidelines

President Briggs said he was supportive of the guidelines. However, he said, he felt he should point out to the Board, as he has in the past, the dilemma of a regional institution which is expected to perform a service function within its region yet is funded primarily for an instructional role. He said the 1975 Legislature discussed the establishment of a regional economic development institute as a means of dealing with the problem of funding of a service component to meet specific regional needs, and that federal legislation is under consideration at the present time that would provide some federal funding for regional development. However, he said, there remains the problem of how to respond to other than instructional needs. He said development of the baccalaureate degree program in nursing on the Eastern Oregon State College campus by the University of Oregon Health Sciences Center opens up the opportunity to develop a service center on the Eastern Oregon State College campus which could be tied by modern technology with the library and other resources of the Health Sciences Center in Portland. There is also a research role wherein the faculty can provide expertise for specific research of interest in the region, e.g., research now being carried on by Eastern Oregon State College faculty for the U. S. Department of Agriculture.
Forest Service in the tussock moth and pine bark beetle programs. The institution can also provide important regional services by serving as a broker in identifying educational and research needs of the eastern Oregon region and, when Eastern Oregon State College does not have the resources to meet the need, seeking resources in other institutions for serving this need.

In respect to admissions standards, President Briggs reported that as Eastern Oregon State College has been moving toward identifying and establishing a spectrum of diverse programs on the campus, the institution has sought to assure the validity of its baccalaureate programs by establishing a two-step admissions policy with a generally open admissions policy for admission to the institution and a more restricted policy for admission to the baccalaureate programs. Students whose motivation or intellect is not sufficient to handle baccalaureate programs, he said, are encouraged to move into less-than-baccalaureate-level programs where they can fill their own and societal needs.

With the development of a writing proficiency examination for exit which must be successfully passed before a student may be graduated, Eastern Oregon State College believes it has become a forerunner in the re-establishment of the validity of the baccalaureate degree. The institution is now looking at other kinds of exit competencies which it may require as a condition of graduation.

Mrs. Feves asked several questions concerning how Eastern Oregon State College provides instruction for students with less than adequate skills. President Briggs said that beginning this year, a skill development program, operated as a part of the academic resource center, will enable students to reach entrance levels of reading, writing, and mathematics after they have arrived on campus. Beginning this fall, students who do not have college entrance level skills in reading and writing or mathematics will not be permitted to enroll in classes requiring these skills. This is necessary to protect the quality of the instructional program, he said. However, some students did not enroll this fall because Eastern Oregon State College was unable to provide them a full load of studies while they were upgrading their skills. Eastern Oregon State College is now designing some courses which do not require college-level reading and/or writing skills for these students.

President Briggs said the institution is still searching for ways to increase the visibility of Eastern Oregon State College. He said he hoped the Board would be tolerant of institutional sensitivity on this matter.

In response to a question from Mr. Harms, President Briggs said enrollment at Eastern Oregon State College is up slightly for the second year in a row, primarily as a result of new programs. By next year, he said, enrollment should begin to reflect some of the things Eastern Oregon State College is doing to improve retention. The institution has always had educationally disadvantaged students, he said, but they were unable to survive in classes that assumed they had certain reading and writing competencies. The new skill development program will keep students from being trapped in a situation in which they are likely to fail.

Mrs. Carpenter said she felt it was exceedingly important for the state to provide access to smaller colleges whose primary role is teaching, as a vital kind of alternative for students whose needs are not well served in a large university. She said she was also interested in President Briggs’ comments on the public service function of the college, particularly the services Eastern Oregon State College could perform as a broker in bringing together the needs of the eastern Oregon region and resources of other institutions and agencies.
The Committee recommended that the Board adopt the guidelines of Eastern Oregon State College, as proposed, with minor modifications in wording noted by Dr. Romney and President Briggs during the course of the discussion.

Board Discussion and Action

Mr. Harms reviewed the guidelines emphasizing the designation of Eastern Oregon State College as a regional educational center serving the needs of the region primarily at the undergraduate level. He called attention to the curricula outlined in the guidelines.

Mr. Ingalls asked about the success of the Board's policy relative to admissions at Eastern Oregon State College.

President Briggs responded that the current admissions policies in effect at Eastern Oregon State College met some very specific needs of a regional college. There is now selective admission in the baccalaureate programs. A skill development program aimed at reducing attrition has been started.

Mr. Harms commented that those who visited Eastern Oregon State College earlier in the year were impressed with the way in which the mission of the institution as a regional multi-purpose state college was being met.

The Board approved the staff recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

B. Southern Oregon State College Guidelines.

President Sours introduced Dr. Bernhard Bender, of the Southern Oregon State College chemistry faculty, president of the faculty senate. President Sours said he would like to commend President Briggs' notable contribution to the concept of the public service function of a regional state college, a statement in which Southern Oregon State College concurs.

President Sours continued, saying guidelines include both "thou shalt nots" and "thou shalt nots." The Board expects the institution to comply with the "thou shalt nots." What he would like to see in the guidelines, he said, is a sense of partnership between the institution and the Board in making it possible for the institution to carry out the "thou shalt nots." For example, he said, Southern Oregon State College's efforts to establish a regional economic development center in past years had been a very discouraging experience. The institution had very little it could put into it, put very little into it, and it went under. He said he was not excited to learn that Senator Hatfield is sponsoring a Senate Bill which would provide 75% federal funding for statewide or regional development centers, because the institutions do not have the resources to provide the other 25%.

President Sours then discussed a list of suggestions for changes in specific wording in the guidelines. He asked that the Board reinstate two items from the guidelines adopted in 1973, recognizing the institution's interest in the fine and performing arts and in allied health sciences, and he asked that some slight changes in wording concerning the college's instructional mission, admissions, and research be considered.

He particularly asked that Item 2-c in the guidelines be modified as follows:

"It-is-not-expected-that-the Board will give consideration to authorizing Southern Oregon State College graduate programs in the departmental areas of the humanities, social sciences, and sciences, or in additional professional fields unless only if a strong case can be made as to need for the program and the resources therefor are assured."
He said the College was very sensitive to the Board's concern that the College not engage in programs for which it does not have the resources or that would be unnecessarily duplicative. However, he said the negative tenor of the language of Item 2-c was "unnecessarily rough" and the College would prefer more positive language, such as he suggested above.

Professor Bender said the faculty at Southern Oregon State College would like to think of the guidelines as a guiding document. In this respect, he said, there is a concern on the part of the faculty (1) that there has not been sufficient opportunity for extensive faculty input into the guidelines, (2) that in emphasizing Southern Oregon State College's regional role the statewide function of Southern Oregon State College has not been sufficiently spoken to, and (3) that there appears to be a problem of whether the institution is to tend toward catering to mediocrity or striving for excellence. For example, he noted, the reference to Southern Oregon State College's role in research, as set forth in paragraph 4 b, alludes to Southern Oregon State College's faculty members carrying on research "within the limits of their available time and resources . . ." He said the Southern Oregon State College faculty would like to see a structure for recognizing and rewarding research efforts. The Board might well ask, he said rhetorically, why Southern Oregon State College faculty need to do research, what is the regional need? He responded that as a chemistry professor he might still be teaching students that there are 91 chemical elements instead of 105, if he did no research. Research, he said, is necessary to maintain faculty competence.

Further, Professor Bender said, he had difficulty differentiating between liberal arts curricula (e.g., chemistry, geology, mathematics) and professional curricula (e.g., teacher education, business administration, social service).

Dr. Romney observed that the guidelines before the Committee are based upon the 1973 guidelines and upon Committee discussions over the past year concerning the mission and roles of the regional state colleges as spelled out rather specifically in documents prepared for the Committee and in the minutes of the Board. Furthermore, he said, the guidelines are consistent with the general goals statement written and adopted by the Southern Oregon State College faculty in 1975.

In respect to the specific concerns in wording identified by Dr. Bender, Dr. Romney said that the statement regarding research, Item 4 of the guidelines, sets forth the posture the Board has long assumed with respect to research at the regional schools. The statement specifically acknowledges, in paragraph 4-a, the importance of scholarship at all levels. It is this scholarly need to keep abreast in one's own field which Professor Bender seems to confuse with the research role. He said paragraph 4-b clearly states that research shall not be a major function of Southern Oregon State College, but acknowledges that some faculty of the regional institutions have strong personal research interests and carry out such research as they can.

In respect to the statement regarding development of graduate departmental major programs in the humanities, social sciences, and sciences (paragraph 2-c), Dr. Romney said the present wording indicates that it has not been, and is not the expectation of the Board that it will authorize master's degree programs (in the immediate future to which these guidelines apply) in departmental fields in the humanities, social sciences, and sciences. If the Board does envision the likelihood of such authorization, he said, the wording of paragraph 2-c should be changed.

Dr. Romney recapitulated for the Committee the modifications proposed by President Sours and wording that might be used to accomplish these suggestions.

Mr. Harms noted that the Committee had not taken up Professor Bender's request that time be given for additional faculty input. He said he did not think the Committee should make a decision without faculty input. Mrs. Carpenter said she
felt it was quite important the Committee not delay action on the guidelines any longer. She noted that the Committee had reviewed the roles and missions of the regional state colleges repeatedly over the past two years as new programs have been introduced. Moreover, she said, the goals statement written by the Southern Oregon State College faculty in 1975 was taken into very careful consideration in the drawing up of the guidelines now being proposed.

Mrs. Feves asked if there might not be additional time for faculty review before the next meeting of the Board.

Professor Bender said he did not see any major objection by the Southern Oregon State College faculty to any part of the proposed guidelines and that he felt the faculty would have no difficulty accomplishing its review before the next meeting of the Board. He said he did feel, however, that it was important the faculty be given this added opportunity to review the document.

Mr. Harms moved that the Committee recommend that the Board approve the guidelines for Southern Oregon State College with the minor modifications in language as summarized by Dr. Romney, with no change in paragraph 2-c as it appeared in the draft before the Committee.

The motion was defeated (Mr. Harms voting aye, Mrs. Feves and Mrs. Daniels voting nay). (Mr. Wyss was not present at this point, he having been asked by the Board chairman to sit with the Board's Committee on Finance, Administration, and Physical Plant in connection with the issue of divestiture.)

Mrs. Feves then moved that the Committee recommend that the Board approve guidelines for Southern Oregon State College as amended, including the amended wording for paragraph 2-c. She said she felt the original language and the amended language for paragraph 2-c stated the same thing, but that the amended language put the statement in a positive light.

Mr. Wyss said he had not been present for the whole discussion and so had not voted on the last motion. However, he said, in discussions concerning the offering of a master's degree in business at Southern Oregon State College, he had felt that the strong limitations of the previous wording [1973 guidelines] allowed, perhaps even forced, the Committee to make a very searching examination of the issue before recommending approval. In consequence, he noted, when the Committee and the Board finally took action to approve the proposed program, there was a general feeling on the part of everyone that the matter had been very carefully examined, and that the action approving the program was wholly defensible. He said he was extremely chary of authorizing programs that might represent unnecessary duplication, and that he felt the proposed change in the language of paragraph 2-c would indicate a softening of the Board's attitude in this respect. He said that he had recently attended a meeting of governing boards in Denver where it became very apparent that, because of its tight controls since 1933 on unnecessary duplication, Oregon is not having to face some of the problems other states are finding so difficult.

Mr. Harms said he did not believe the tenor of the two statements of paragraph 2-c is the same and felt that a change in wording, as proposed, would permit misunderstanding of the Board's position in this matter.

The motion was approved, 3 to 2 (Mrs. Feves, Mrs. Daniels, and Mrs. Carpenter voting aye and Mr. Harms and Mr. Wyss voting nay).

Mrs. Carpenter asked that faculty recommendations for any specific changes desired in the guidelines be prepared in writing and mailed to Dr. Romney within two weeks for transmission, with his comments, to members of the Board before its November meeting.
Board Discussion and Action

Mrs. Daniels reviewed the mission of Southern Oregon State College as a regional multi-purpose state college serving the southern region of Oregon through programs of instruction, research and public service. She referred to specific aspects of the curricula for Southern Oregon State College. Mrs. Daniels called attention to the Committee discussion and recommendations with respect to Item 2-c of the guidelines.

Mr. Harms said he preferred the language for 2-c which was recommended to the Committee initially instead of the positive statement which was preferred by the staff at the college and by the majority of the Board's Committee on Instruction. He said that, in his opinion, there would be less misunderstanding of the function of Southern Oregon State College if the original language were approved.

Mr. Wyss concurred and said that there was a long tradition in the State System which has been responsive to change and has protected the institutions from unnecessary change as a result of pressures within the institution. Therefore, it seemed wise to accede to determinations made by the Board's staff.

Mrs. Feves said she was not averse to hearing proposals for program modifications or additions. The positive approach would permit consideration of these evolutionary changes.

Mr. Harms said he would not vote against the motion to approve the guidelines because of these two small changes, but he did think the point was important.

The Board approved the staff recommendation, including the changes in Item 2-c, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, and Perry. Those voting no: Director Wys.

Item 2-c of the guidelines, as approved, reads as follows:

The Board will give consideration to authorizing Southern Oregon State College graduate programs in the departmental areas of the humanities, social sciences, and sciences and in additional professional fields only if a strong case can be made as to need for the program and the resources therefor are assured.

Guidelines for Oregon Institute of Technology

Staff Recommendation to the Board

The Board's Office recommended that the Board adopt the following guidelines for Oregon Institute of Technology, as replacement for the guidelines currently in effect as shown in the appendix of the full report.

Guidelines for Oregon Institute of Technology

Oregon Institute of Technology is the State System of Higher Education's coeducational polytechnic college, serving the state of Oregon through programs of instruction, public service, and research, based upon undergraduate curricula in the technical arts, applied sciences, and liberal arts.

1. Instructional role

The primary mission of Oregon Institute of Technology is to offer intellectually demanding undergraduate instruction in the technical arts, applied sciences, and liberal arts having the following objectives:
a. To offer programs of instruction that will enable graduates to become economically self-sufficient through employment reasonably related to their capacities, interests and preparation.

The attainment of this objective will require that Oregon Institute of Technology offer instruction that will:

(1) Provide students opportunity to develop the knowledge and skills in a chosen technological field that will make them immediately employable.

(2) Provide students with a breadth of preparation and flexibility of outlook that will enable them to adjust to changing requirements in the world about them, and to advance in their chosen fields.

Occupational change is a way of life. Many graduates will, in the course of their occupational lives, find it necessary or desirable to change occupations. Many will aspire to advancement in their chosen fields. Oregon Institute of Technology will seek to develop in its students the requisite flexibility to accommodate to these circumstances by:

(a) Providing them with a sound base in the liberal arts and an understanding of the basic, underlying principles that underlie the family of occupations in which the student's chosen technological field lies.

(b) Seeking to inculcate in its students habits of mind that will foster inquiry, analysis, intellectual curiosity, and individual initiative in approaching solutions to problems.

Oregon Institute of Technology will maintain a program of continuing evaluation of its instructional programs in recognition of the rapidly changing technologies to which the Oregon Institute of Technology instructional programs relate.

Nowhere is the phenomenon of change more evident than in the technological fields for which the college prepares its students. Instructional programs must be kept abreast of the developments in the technology into which graduates will move; else graduates will find their preparation outmoded, irrelevant. Major attention will be given by Oregon Institute of Technology to ensure that its instructional programs are kept at the cutting edge of the technologies with which they deal. The following are illustrative of the means that [will] may be employed: (a) use of advisory committees from science, business, industry, government, health care, and other appropriate agencies; (b) interviews of recruiting teams who come to the Oregon Institute of Technology campus; (c) surveys of business and industry to determine manpower and technical needs; (d) follow-up of graduates to learn how effectively they feel they were prepared for employment; (e) surveys of the experience of other institutions having objectives similar to those of Oregon Institute of Technology.

b. To provide the basic understanding of the business principles important to personal and occupational success.

[c]. To sensitize students to their responsibilities as citizens in the broader community, encouraging the development of democratic ideals that are basic to political, social, and cultural problems and processes.

d. To provide effective general education.
Occupationally-oriented post-high school education separated from the liberal arts is excessively limiting. The larger human ends of life demand that individuals function as more than workers. As human beings, they are caught up in the cultural, social, political, and ethical aspects of an increasingly complex life—in which the ability to think rationally and reflectively on the problems about them is important to their capacity to function effectively as well-integrated individuals.

To provide, within the limits of institutional resources, college transfer programs for those students desiring to enroll at Oregon Institute of Technology with a view to transferring subsequently to another institution in order to acquire a baccalaureate degree not available through Oregon Institute of Technology.

To provide a program of continuing education. Oregon Institute of Technology has both a state and a regional responsibility in continuing education and will, in cooperation with other agencies having capacity to offer continuing education in technology, seek to serve these needs as resources will permit.

In the belief that students learn by doing, Oregon Institute of Technology will [supplement-necessary-book-learning-with] provide laboratory and field work whenever possible, translating thought into manual skill, and manual activity into thought. The objective of Oregon Institute of Technology is to give its programs of preparation a sense of realism that will make the student's transition into the world of work a confident one.

The placement of graduates in employment reasonably related to their fields of preparation must continue to be a principal institutional responsibility, as a measure of the effectiveness of Oregon Institute of Technology's technology and applied science programs, and as a service to the graduates.

2. Curricula

As a state coeducational polytechnic college serving both a state and a regional mission, Oregon Institute of Technology will continue to offer a diversity of instructional programs to serve the disparate needs and interests of its clientele, as set forth in the following terms.

a. Undergraduate technical education will continue to be the primary focus of Oregon Institute of Technology.

In service to the people of the state and the region in which it is located, Oregon Institute of Technology will continue to offer a wide array of technical education programs leading to the associate degree. Prior to 1966, the associate degree was the only degree authorized Oregon Institute of Technology. It remains today a significant part of the offerings of Oregon Institute of Technology, however measured.

Technical education programs leading to the baccalaureate degree are expected to grow in importance as an aspect of the Oregon Institute of Technology offerings. Where possible, the associate degree program has served, and is expected to continue to serve, as a screening mechanism for admissions to the baccalaureate degree program.

b. Undergraduate liberal arts offerings will continue to be important to Oregon Institute of Technology's instructional programs as (1) a source of general education which is as essential to students in technical education as it is to other students, and (2) the resource making possible the offering of college transfer programs, a service of great importance to the region in which Oregon Institute of Technology is located.
c. College transfer programs leading to the associate in arts degree offer a service of particular significance to students of the Klamath-Lake counties and surrounding areas. It is anticipated that these programs will continue to be an important aspect of the service rendered the state and the region.

d. Preprofessional programs will continue to be offered at Oregon Institute of Technology, giving access to basic preprofessional education of one or [two] more years, leading to admission into professional programs in other institutions to which Oregon Institute of Technology students may transfer upon completion of the preprofessional program.

3. Research role

a. Scholarship, involving keeping abreast in one's own field of expertise, is of great importance at Oregon Institute of Technology. Technology is constantly changing, and the validity of instruction in technical fields is uniquely dependent upon up-to-date knowledge of the field.

b. Research is not a major institutional mission for Oregon Institute of Technology. However, it is recognized that when circumstances permit [motivated] faculty members to engage in research activities without interfering with Oregon Institute of Technology's primary mission of undergraduate instruction, such activities may, for some students, enhance the learning atmosphere and the faculty member's capacity for service, and contribute to the resource base of the state and the region.

4. Public service

As a state polytechnic college located in the southeastern region of Oregon, Oregon Institute of Technology serves as an educational, cultural, and social center for that region of the state.

Subject only to the limits placed upon its resources by their commitment to undergraduate instruction and related institutional service, Oregon Institute of Technology will seek to make institutional resources available to the broader community in southeastern Oregon in a variety of kinds of public service activities.

5. Admissions

As the state's only state polytechnic college, Oregon Institute of Technology will maintain admissions requirements at [a modest] an appropriate level in order that it may serve the educational needs of a broad range of student abilities.

6. Attrition

Oregon Institute of Technology will maintain effective programs of student advisement and counseling and of supplementary assistance to students [e.g., skill-development activities to improve reading, writing, mathematics, study skills; tutoring where appropriate] in order that students may have the best possible chance for academic success.

Oregon Institute of Technology will seek to discover what may be done to reduce the rate of student attrition resulting from academic failure.
7. **Staff development**

Oregon Institute of Technology will continue to maintain a vigorous, systematic program of staff development such as has long characterized Oregon Institute of Technology, aimed at keeping faculty abreast of rapidly moving developments in business and industry affecting the technical education programs offered by Oregon Institute of Technology. Summer employment in the technology, attendance at summer institutes or other college or university sessions, performance of consultative service for business, industry, education, government in the area of one's teaching field; research in appropriate fields; development of contributions to technical literature—these all have been a part of the systematic regimen followed by Oregon Institute of Technology faculty under a faculty development program in the past.

8. **Student self-government**

Oregon Institute of Technology regards students as responsible adults, fully capable of organizing their lives and of being responsible for their conduct. To this end, Oregon Institute of Technology will encourage student self-government that reflects the concerns and needs of its student body.

9. **Freedom of inquiry**

Oregon Institute of Technology will maintain an environment in which freedom and responsibility are joined in the protection of: the freedom to inquire, freedom of opinion and of expression, and the right to dissent in a manner consistent with the integrity of the institution and the freedom of the academic community.

10. **Institutional self-study**

Oregon Institute of Technology will maintain a program of self-study to evaluate its objectives and operations, and for planning future developments as a cooperating unit within the State System of Higher Education, and within the broader educational and social community.

**Discussion and Recommendation by the Committee**

Dr. Romney reviewed the history of Oregon Institute of Technology. He said the primary function of the Institute, from its beginning in 1947, has been to offer programs of instruction that will enable graduates to become economically self-sufficient through employment reasonably related to their capacity, interests, and preparation. He pointed out that in carrying out this function, Oregon Institute of Technology has been involved in a continuous process of evaluation and modification of its programs. Not only are Oregon Institute of Technology programs constantly evolving, Dr. Romney continued, but Oregon Institute of Technology has had, from the time it came under the jurisdiction of the Board, a very systematic program of staff development aimed at keeping the faculty up-to-date in the technologies they are teaching.

Dr. Romney observed that a second function of Oregon Institute of Technology has been to provide, within the limits of the Institute's resources, college transfer programs for those students desiring to enroll at Oregon Institute of Technology with the view of transferring subsequently to another institution.

The curriculum of the institution consists of associate degree programs in a range of technical fields, baccalaureate degree programs in the technologies, and the college transfer program. The number of upper-division students has increased significantly since the Board authorized the first baccalaureate degree programs in 1966, Dr. Romney said, but associate degree students continue to predominate within the institution.
Research is not a principal mission of Oregon Institute of Technology, although the Institute is actively involved in research relating to geothermal energy. Admission requirements are of a modest nature.

The Institute serves a statewide function in its programs in technical fields and a regional function in its lower-division liberal arts transfer program, a program authorized only after thorough discussion with both the State Board of Education and the Oregon Educational Coordinating Council.

Dr. Romney concluded his remarks by saying that it is felt that the guidelines before the Board will provide the flexibility Oregon Institute of Technology needs as it continues to adjust its programs to needs of business and industry for technologically prepared graduates. He noted that a significant aspect of the Oregon Institute of Technology programs is the very high proportion of their students placed in technical positions following graduation.

President Light remarked that Oregon Institute of Technology does indeed have an excellent placement record, of which it is very proud. He said he felt the guidelines were well written and would give the institution latitude to make changes that may be necessary in the future. He said he was especially pleased about the attention given to general education, because students in technical education, like any other students in the State System, need a thorough grounding in general education.

President Light said he had only a few minor changes to suggest in wording of the guidelines, but indicated that he had not had time to receive comments from all of the faculty. Mrs. Carpenter suggested that if he and the faculty felt there were any further modifications that appeared desirable, he should communicate these to Dr. Romney in advance of the Board meeting.

Mr. Wyss said he had read with considerable interest the history of the development of the mission of Oregon Institute of Technology. He asked if there was any danger that in evolving to serve societal needs for technical education Oregon Institute of Technology might find itself in an area of overproduction just as the state's normal schools, in changing to meet society's needs for teachers, found they were serving society in an area in which production was too great. He said that in speaking with engineers he found that there is a strong feeling that the field is beginning to get overcrowded. He asked if there was any possibility the institution as it now stands might become obsolete and, if so, where would it evolve.

President Light said he had spent about 10 years of his life as a member of an engineering faculty and understood some of the problems of the engineering program. However, he said, the experience of Oregon Institute of Technology in placing its people, and of the people coming to Oregon Institute of Technology to recruit its graduates, has given no inkling that there is going to be any difficulty in the future placing Oregon Institute of Technology students. President Light said the four-year technologist is filling the void left by the old practical engineer, that is, the person who talks to the craftsmen, works with the technicians, talks to the theoretical engineer. It is the technologist, not the theoretically trained engineer, he said, who can sit down at the board, draw up the machine, and get the job underway. President Light continued that he was not deriding the engineer, but the engineer has become very specialized and needs the technologist and the two-year technician in order to function.

Mrs. Carpenter said she was very interested in Dr. Light's comments on the need for general education. She said there appears to be a concern now that education have a vocational component, but there are a number of major studies that have shown that the flexibility, the judgment, the discrimination, the kinds of qualities one gets with a liberal arts degree, while not immediately employable, may lead to much more flexibility and discrimination in employment over a period of time.

President Light commented that it is difficult to know what Oregon Institute of Technology's students are going to be doing ten years after they graduate. Many of them go into middle management and some rise to very high levels of management
so they are doing jobs quite different from those for which they were originally prepared. But we do know, he said, that they are human beings who will live in our society and so should have the same basic liberal arts tools that any other human being has.

The Committee recommended that the Board adopt the guidelines for Oregon Institute of Technology as modified during Committee discussion.

Board Discussion and Action

Mr. Wyss reviewed the history of Oregon Institute of Technology, noting that it had originally been under the jurisdiction of the Board of Education. The mission of this institution is more complicated than that of the other institutions in that it serves as a training institution in the technological and applied sciences. In addition, it serves the need for a liberal arts institution to provide for transfer to a four-year liberal arts institution. It also serves many of the functions of a community college, both in terms of courses and continuing education in the region. Mr. Wyss then reviewed the guidelines as presented.

In response to a question from Mr. Ingalls, it was indicated that Eastern Oregon State College, Southern Oregon State College, and Oregon Institute of Technology do serve as social centers for the regions in the sense that they have commitments to the community and to various elements in the community.

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

At the Board meeting on July 29, the Vice Chancellor for Administration was requested to:

1. Identify those corporations, in which the Board has invested funds, which do business in any of the three-named countries and, to the extent possible, the amount and nature of such business.

2. Direct a letter to the chief executive officer of each such corporation, requesting information in reasonable detail concerning the nature and extent of the corporation's investment and business activities in each of the three-named countries, the earnings therefrom, and the racial practices and conditions in the particular communities where the corporation does business in such countries.

3. Consult with the Board's investment managers to determine what procedures should be followed if, and to the extent, the Board determines that divestiture of any securities is appropriate.

4. Prepare, in cooperation with institutional officials, an analysis as to whether scholarships for African students could be funded from endowment income resulting directly or indirectly from investments in the three-named countries, and the consequences of so doing.

5. Identify those actions which the Board might appropriately take as a corporate shareholder to express its concern with business practices which condone or encourage apartheid and racial separation.

6. Determine what action is being considered or taken by other educational institutions and state systems with respect to similar issues, establish communication with such institutions and systems, and identify those actions which several institutions might jointly take to express their concern with such business practices.

7. Report to the Board at its September meeting, and thereafter as may be necessary, on the results of the above activities.
In addition, the Board requested that it be advised as to existing Board policies in relation to neutrality on public issues, including human rights and discrimination.

An interim report was made to the Board on September 30, deferring the report to October 21. This is the requested report.

1. Corporate activity

Letters were addressed to each of the 84 companies whose stocks, bonds, convertible debentures, or commercial paper were held in the Board's endowment portfolios on July 31, 1977. The letters asked the nature of any involvement in southern Africa, number of employees, sales, earnings, personnel practices, and steps taken by the company to express its "commitment to American standards of integration, majority rule, and political equality."

The responses (65) were more than polite. In several cases, enclosures included printed copies of extensive reviews of company personnel policies and practices. In others, summaries of annual stockholder meeting discussions of southern African operations were included.

Of the 65 responses, 28 were from firms having no corporate involvement in southern Africa. Fifteen of the companies not responding are believed not to have southern African involvement.

Of the 36 responding companies indicating southern African activity, at least ten could be classified as marginal. American Telephone & Telegraph, for example, acknowledges receiving overseas telephone calls but has no investments, facilities or employees in any African country. The Ford Motor Credit Company has no African operation (but it provided a report on the Ford Motor Company operations in South Africa). Philip Morris and R. J. Reynolds reported the export of cigarettes.

There are 27 companies with more direct involvement (seven of those who have not yet responded may be included). In terms of employment, the rank appears to be as follows:

<table>
<thead>
<tr>
<th>Company</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Electric Company</td>
<td>1,500</td>
</tr>
<tr>
<td>IBM</td>
<td>1,478</td>
</tr>
<tr>
<td>United Technologies International</td>
<td>1,223 (Otis Elevator)</td>
</tr>
<tr>
<td>Johnson and Johnson</td>
<td>1,000</td>
</tr>
<tr>
<td>3M</td>
<td>1,000</td>
</tr>
<tr>
<td>Xerox</td>
<td>760</td>
</tr>
<tr>
<td>Warner-Lambert</td>
<td>668</td>
</tr>
<tr>
<td>Eastman Kodak</td>
<td>574</td>
</tr>
<tr>
<td>Exxon</td>
<td>460</td>
</tr>
<tr>
<td>Deere &amp; Company</td>
<td>424</td>
</tr>
</tbody>
</table>

Not all of the companies responded to the query concerning the relative proportion of southern African to world business, but the average appears to be less than 1%. The companies for which the southern African business seems relatively most significant, reported data yielding the following percentages:

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dresser Industries, Inc.</td>
<td>2.3%</td>
</tr>
<tr>
<td>Deere &amp; Co.</td>
<td>2.0%</td>
</tr>
<tr>
<td>United Technologies International</td>
<td>less than 2%</td>
</tr>
<tr>
<td>Charter New York Corporation</td>
<td>less than 1%</td>
</tr>
<tr>
<td>Dow Chemical Company</td>
<td>less than 1%</td>
</tr>
<tr>
<td>Norton Simon Company</td>
<td>less than 1%</td>
</tr>
</tbody>
</table>
Fifty-four U. S. firms have made the following commitments:

**Statement of Principles of U.S. Firms With Affiliates in the Republic of South Africa**

1. Non-segregation of the races in all eating, comfort, and work facilities.
2. Equal and fair employment practices for all employees.
3. Equal pay for all employees doing equal or comparable work for the same period of time.
4. Initiation of and development of training programs that will prepare, in substantial numbers, blacks and other non-whites for supervisory, administrative, clerical, and technical jobs.
5. Increasing the number of blacks and other non-whites in management and supervisory positions.
6. Improving the quality of employees' lives outside the work environment in such areas as housing, transportation, schooling, recreation and health facilities.

We agree to further implement these principles. Where implementation requires a modification of existing South African working conditions, we will seek such modification through appropriate channels.

We believe that the implementation of the foregoing principles is consistent with respect for human dignity and will contribute greatly to the general economic welfare of all the people of the Republic of South Africa.

The reports of individual firms are replete with descriptions of special efforts to provide training and upgrading of black employees and of various forms of financial assistance to blacks (notably for housing improvement).

The collection of this data has provided the Board's staff with perhaps the most comprehensive file in Oregon. It is available to anyone who may wish access.

2. **Investment limitations on investment managers**

Both of the investment firms retained by the Oregon Investment Council to manage the Board's endowment portfolio have responded to inquiries about their willingness to sell and/or avoid any investments deemed inappropriate by the Board. Kennedy Advisors, Inc., indicated willingness to do so but indirectly suggested that the American presence in southern Africa might be beneficial. George A. Bjurman indicated that Bjurman & Associates would have to resign the account if "strict controls over your funds severely limit their appreciation potential." Bjurman suggested that it would be "prudent" to retain the investments and vote the stocks at shareholder meetings.

3. **Scholarships for African students**

In addition to meeting with the financial aid and foreign student advisers from the University of Oregon and Oregon State University, letters were written to the Institute for International Education and the African-American Institute.
The African-American Institute has made over 125 awards to students from the three-named countries since July 1976. A candidate must have a passport "valid for return to an African country," be "acceptable to the OAU-recognized liberation groups," and pledge to return to Africa. AID provides funds. The Institute insists on institutional coverage of tuition and fees. (These amount to about $2,490 per year for nonresident undergraduates.)

If the Board were to undertake a scholarship program for African students "funded from endowment income resulting directly or indirectly from investments in the three-named countries," it must consider several facts.

**Endowment restrictions**

Donors generally specify the purposes for which their gifts may be used. The amounts available to the institutions without restriction are negligible. Of the $11,756,297 in the Board's endowment funds, $2,396,699 is earmarked for scholarships. The 1976-77 income for scholarships was $157,848.

Of the remainder in the endowment funds, over $6.5 million was given for the Health Sciences Center. In nearly every case, the use of the funds is designated for medical research or specified forms of medical service.

The University of Oregon has received endowments of $4.4 million, of which $1.5 million was given for scholarships. The remainder, nearly without exception, is earmarked for specific purposes--professorships, library books, and other program support. Of Oregon State University's endowments ($1,145,331), over $400,000 is for scholarships.

The Board is authorized to encourage gifts (ORS 351.130) and has declared in AR 63.010 that it "encourages gifts by faithfully devoting them, subject to the terms of the gift, to the institution or unit or program for which intended." Action by the Board to designate a portion of its endowment income for scholarships to students from southern Africa would need to be carefully designed to avoid violation of its trusteeship.

In the case of scholarships, the bulk of the resource is for general scholarship use but there are restrictions to study of particular subjects or for senior or graduate students. These restrictions do not appear to pose an obstacle to the authorization of southern African scholarships.

**Endowment income**

Nearly $775,000 of endowment income was earned in 1976-77. Twenty percent ($157,848) is credited to scholarship accounts. These are amounts which are dedicated to the purposes for which the principal was given. The total income available for use for scholarships (including that from gifts not restricted by the donor) would not exceed $170,000.

Of the total endowment investments of $11.75 million, about 50% may be in firms with some southern African involvement (depending on the definition of "involvement"). Based on 1976-77 income, an estimate of 6% earnings seems a reasonable projection.

<table>
<thead>
<tr>
<th>Total earnings projected</th>
<th>From &quot;southern African&quot; firms</th>
<th>Derived from &quot;southern African&quot; sources at an estimated 1%</th>
<th>Earnings for scholarship accounts</th>
<th>From &quot;southern African&quot; firms</th>
<th>Derived from &quot;southern African&quot; sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>$705,000</td>
<td>$352,500</td>
<td>$3,525</td>
<td>$150,000-$170,000</td>
<td>$75,000-$85,000</td>
<td>$750-$850</td>
</tr>
</tbody>
</table>
It is obvious that earmarking the returns from firms involved in southern Africa reduces the sums available for other purposes and that the amounts involved are limited.

Other forms of student assistance

Foreign students are not eligible for federally-supported student-aid programs. They are eligible for other financial aids available at an institution, including the Board-authorized fee remission program (up to 10% of nonresident tuition income may be used for foreign student fee remissions). The Board could require that some portion of the fee remissions be reserved for southern African students.

4. Voting in shareholder meetings

At present, the Board's corporate stock is held in safekeeping by a bank designated as a custodian. The bank is directed to cast shareholder proxies on behalf of the corporation's management, on the premise that the stock was acquired because of confidence in that management.

The Board's Administrative Rule, however, authorizes the Vice Chancellor for Administration to vote the stock otherwise, after consultation with the President of the Board or the Chairman of the Finance Committee.

Alternative arrangements for proxies to be routinely forwarded for review and action by the Board or a committee or member thereof is feasible.

In the course of identifying potential sources of information concerning proxy issues, inquiry was made of an organization established in 1972 at Washington, D.C.--the Investor Responsibility Research Center. The Center identified and reported to its subscribers on no less than 22 proxy issues "in the 1976 proxy season." The issues listed were:

- The B-1 Bomber Program
- Labor-Management Relations
- Corporate Involvement in U. S. Political Campaigns
- The Arab Boycott of Israel
- Equal Employment Programs
- Corporate Activity in South Africa
- Surface Mining of Coal
- Northern Cheyenne Lands
- Appalachia
- Corporate Governance
- Equal Opportunity and Fair Housing
- Infant Nutrition
- Accuracy in Broadcasting
- Political Contributions Overseas
- Farm Implements in Developing Countries
- Employment of Former Government Officials
- Portrayal of Women in Advertising
- Chrome from Rhodesia
- Corporate Operations in Korea
- Corporate Activities in Namibia
- Control and Ownership of Corporation
- Corporate Activities in Chile
- Corporate Policy on Nutrition.

For 1977, IRRC's annual report forecast studies on:

- Television Violence
- Nuclear Power
- Solar Energy
- Advertising of Consumer Products

...and other topics.
The list is long, but only partial.

In considering such a list, the Board will wish to consider the practices and policies of other institutions and state systems of higher education:

5. The policies and practices elsewhere in higher education

There is no readily available compendium of information about actions by institutions of higher education related to divestiture. News reports have identified a number of specific events:

- Hampshire College trustees voted to divest.
- The Wisconsin Attorney-General ruled that the University of Wisconsin regents were required by law to divest. The regents have requested the Attorney-General to reconsider.
- The University of Massachusetts trustees voted to sell three mining stocks and study the rest of its portfolio.
- Dartmouth trustees voted to retain stocks.
- Regents of the University of California voted to retain stocks.
- Stanford trustees voted to retain stocks.

There are undoubtedly many other boards which have acted one way or the other or have the issue under study.

If there is a discernible tendency, however, it is in the abrogation of the so-called "Wall Street rule" of supporting management. According to a report of the Investor Responsibility Research Center (IRRC), summarized in the Chronicle of Higher Education for September 26 (reproduced on the following page), the results indicate that higher education does not speak with a clear voice.

Formal policies have been adopted by universities that vote their stocks. The policies of the University of Maryland, the University of Minnesota, and Stanford University are available for consideration by the Board.

6. Correspondence with United Nations Ambassador Andrew Young

Ambassador Young responded to an inquiry about his views concerning a continued American presence in southern Africa. His reply:

Thank you very much for your letter concerning the portfolio of the Oregon Board of Education and its investments in the Republic of South Africa. I appreciate having a copy of the resolution which the Board adopted at its July meeting.

I have long encouraged American business interests in South Africa to adopt a policy of support for significant change in terms of business and employment practices. American business concerns have a responsibility to promote equality in their hiring and promotion of South African personnel, as well as providing equal wages and benefits for equal work. This is just one area where we can extend our influence on South African society, and I urge responsible action in this regard.

Given the broad range of problems which lie ahead for South Africa, and the uncertainty of that government's progress away from the odious policy of apartheid and separate development, I would not rule out the necessity of other steps becoming necessary to prod South African authorities in that direction. In this connection, the establishment of guidelines against any further American investment in South Africa or the eventual withdrawal of all American investment in that country may be possibilities.
How Some Colleges, Foundations Voted on South-Africa Issues at 1977 Stockholders’ Meetings

**Resolutions for an end to loans to South Africa**

<table>
<thead>
<tr>
<th>Corporation</th>
<th>For</th>
<th>Against</th>
<th>Abstaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citicorp</td>
<td>Boston University, Haverford College</td>
<td>Rockefeller Foundation, Drew University</td>
<td>Russell Sage Foundation, Bryn Mawr College, University of Minnesota</td>
</tr>
<tr>
<td>Continental Illinois Corp.</td>
<td>Oberlin College</td>
<td>Rockefeller Foundation</td>
<td>Boston University, University of Minnesota</td>
</tr>
<tr>
<td>First Chicago Corp.</td>
<td></td>
<td>Charles F. Kettering Foundation</td>
<td></td>
</tr>
<tr>
<td>Manufacturers Hanover Corp.</td>
<td></td>
<td>Carnegie Corp. of New York</td>
<td>Harvard University</td>
</tr>
<tr>
<td>J.P. Morgan &amp; Co., Inc.</td>
<td>Ford Foundation</td>
<td></td>
<td>Rockefeller Foundation</td>
</tr>
</tbody>
</table>

**Resolutions for withdrawal of investments and operations in South Africa**

<table>
<thead>
<tr>
<th>Corporation</th>
<th>For</th>
<th>Against</th>
<th>Abstaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ford Motor Co.</td>
<td>Oberlin College</td>
<td>Rockefeller Foundation, Boston University, Bryn Mawr College</td>
<td>University of Minnesota</td>
</tr>
<tr>
<td>General Electric Co.</td>
<td>Haverford College, Oberlin College</td>
<td>Carnegie Corp. of New York, Ford Foundation, Charles F. Kettering Foundation, Rockefeller Foundation, Boston University, Cornell University, Dartmouth College, Drew University</td>
<td>Bryn Mawr College, Harvard University, University of Minnesota, Princeton University, Wellesley College</td>
</tr>
<tr>
<td>Goodyear Tire &amp; Rubber Co.</td>
<td></td>
<td>Carnegie Corp. of New York, Carnegie Foundation for Advancement of Teaching, Charles F. Kettering Foundation</td>
<td></td>
</tr>
<tr>
<td>Kennecott Copper Corp.</td>
<td></td>
<td>Ford Foundation, Cornell University</td>
<td></td>
</tr>
<tr>
<td>Standard Oil Co. of California</td>
<td>Boston University, Haverford College, Oberlin College</td>
<td>Drew University, Harvard University</td>
<td>Cornell University, University of Minnesota, Princeton University</td>
</tr>
<tr>
<td>Texaco Inc.</td>
<td>Boston University, Oberlin College</td>
<td>Carnegie Corp. of New York, Charles F. Kettering Foundation, Drew University, Harvard University</td>
<td>University of Minnesota, Princeton University, Wellesley College</td>
</tr>
</tbody>
</table>

**Resolutions against expansion of present operations in South Africa**

<table>
<thead>
<tr>
<th>Corporation</th>
<th>For</th>
<th>Against</th>
<th>Abstaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phelps Dodge Corp.</td>
<td>Oberlin College</td>
<td>Charles F. Kettering Foundation</td>
<td></td>
</tr>
<tr>
<td>Union Carbide Corp.</td>
<td>Harvard University, Oberlin College</td>
<td>Carnegie Corp. of New York, Carnegie Foundation for Advancement of Teaching, Rockefeller Foundation, Dartmouth College, Drew University</td>
<td>Boston University, University of Minnesota</td>
</tr>
</tbody>
</table>

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**Sources:** Investor Responsibility Research Center.
I am hopeful that enlightened business practices by American and South Africans will, in the long run, play a constructive role in the peaceful transition of South Africa to a country where all people enjoy basic human rights and fundamental freedoms. I, like yourself, am concerned that the removal of American investment from South Africa may have a counter-productive effect. Although the primary onus for significant change does not rest upon the shoulders of the American business community, I remain hopeful that their presence will maximize the positive nature of their influence.

I am enclosing a copy of the remarks I made before South African businessmen with whom I met during my visit to Johannesburg in May. Also enclosed, is a transcript of my testimony before the Senate Foreign Relations Committee about our African policy. I hope these views, along with the thoughts expressed in this letter, clarify my position on what is an extremely difficult and sensitive matter.

Sincerely,

/s/
Andrew Young

7. Existing Board policies re neutrality on public issues

The institutions of the Oregon Department of Higher Education have not been immune from issues arising in the larger society. The campus disruptions associated with the Vietnam War, federally-mandated "affirmative action," environmental impact statements, collective bargaining, grapes, lettuce, and southern Africa are illustrative of the fact that society's issues can impinge on the daily life of colleges and universities.

Attention to human rights

The State System, over the past ten years, has addressed at least the following human rights/discrimination subjects:

Discrimination in fraternities and sororities

The Board, in 1967, adopted guidelines (later recorded in AR 31.170) requiring the organizations to "comply fully with the Board's anti-discrimination policies." The Board's policy language was to "oppose and prevent, on all campuses under its supervision, all discrimination based on race, color, or religion." In 1971, the Rule was rewritten and included in AR 33.010.

Special admission for the disadvantaged

The Board, in 1968, received favorably a Chancellor's report authorizing the admission of up to 3% of the preceding year's freshman class of persons who did not meet specific admissions requirements.

Administrative due process

The Board is bound by the Administrative Procedure Act, as adopted in 1971, and has provided for the notices, public hearings, and redress required by that law and other statutes banning discrimination.

Privacy of records

Both federal and state law assure restrictions on access to personal records of both faculty and students. This has been a repeated subject of Board attention since at least 1971. AR Chapter 34 is devoted exclusively to student records.
Affirmative action (race, sex, handicapped)

Although the Board's policy is unequivocal, it has repeatedly been addressed in amendments to AR's, in the Title IX discussions (including those about intercollegiate athletics), the May 1977 report on facility accessibility for the handicapped, and the July action to establish an institute in early education for the handicapped.

Equal employment practices

Required by statute.

Advertising in student publications

At a May 26, 1976, meeting, the Board received a report of censorship of advertising in the Portland State University Vanguard on behalf of the CIA. No action taken except to note that free speech protection should apply and that the Attorney-General had upheld the University's authority to overrule the editor who had refused the copy.

Parietal responsibility

The Board's actions on student conduct have proscribed civil disorder (AR 42.410) but have generally delegated local rules of student conduct to institutional decision. Relaxation of rules for residence halls has been a frequent subject of comment but no direct Board action.

United Farm Workers' boycotts

In the case of both grapes and lettuce, the Board consistently, over several years, declined to take sides (see below).

Discrimination in southern Africa

Under discussion.

If a more detailed report were made, it would show that in these cases, the Board has, with exception of the last two items, been applying statute or principle to its internal operations, without seeking thereby to affect decisions by others on related or similar issues. In the latter two cases, internal operations (food service, endowment investments) are involved but the objectives of the actions proposed are to affect the outcome of public issues in other states or nations.

The policy of neutrality

The Board has sought to make the distinction between addressing human rights and other public concerns within the Department of Higher Education and outside. The current statement of Board-approved policy is as follows:

The Board long has had a basic policy that institutions, as institutions, take no action favoring or opposing a particular position on public issues. This policy of institutional neutrality on public issues was adopted soon after the Board was established and has served the System well. This long-established policy is reaffirmed.

This concluding paragraph to a statement made by the Board of Higher Education at its meeting on February 18, 1969, was addressed to an issue about the purchase of grapes for use in the University of Oregon dormitories. The issue was not really about grapes but about a labor dispute in California.
Five years later, at its meeting on May 21, 1974, the same issue was again before the Board in the form of an ASUO-sponsored resolution "that Oregon Institutions of Higher Education refrain from the purchase or sale of non-UFWA head lettuce and table grapes, except Oregon grown head lettuce and table grapes." The Board reaffirmed the 1969 statement on institutional neutrality.

In the course of the 1974 discussion, Board members Robert D. Holmes, George H. Layman, and Philip Joss emphasized the propriety of the 1969 statement. Reference was also made to AR 42.010, Academic Freedom, which says politely, "the Board...does request that no employee take action which might be construed as committing the institution or the Board to a position on public issues," and to AR 42.110, Political Activities in General, which concludes more firmly, "No employee shall take action which might be construed as committing the institution or the Board to a position on public issues."

At the 1974 meeting, University of Oregon President Robert D. Clark presented an extended statement arguing for the right of individuals and groups within the University to "pursue inquiry" and "espouse causes...or to take action...so long as that action does not interfere with the rights of others in the University community or the society at large."

Discussion and Recommendation by the Committee

Mr. McLaurin, Chairman of the ad hoc committee to study the issue of investments in South Africa, reported that the committee had reviewed the information obtained by Mr. Holmer. The purpose of the review was to make a determination and recommendation to the Finance Committee on the following three issues:

1. The issue of divesting stockholdings in companies that do business in South Africa;
2. The issue of voting stocks; and
3. The issue of the possible establishment of a scholarship program for South African students.

The recommendation by the ad hoc committee, by a two to one vote, is that the Finance Committee not recommend to the Board divestiture of stock in companies doing business in South Africa. Since the other two issues are contingent upon the decision concerning divestiture, Mr. McLaurin suggested a motion on the divestiture issue would be appropriate. He also said that Mr. Ater and Mr. Wyss, the other members of the ad hoc committee, might wish to speak to their positions on that question.

Mr. Ater said, in his opinion, divestiture is an inappropriate step to take at this time, even though it is probable that every member of the Board is appalled at the conditions that exist in South Africa. He said he was satisfied that divestiture would not have any measurable influence, and even if it did, it would not be a responsible action for the Board to take. He said there were much more effective ways to express concern, both as individuals and as a Board. Mr. Ater said the Board should address seriously the other two issues before it.

Mr. Wyss said one reason for divestiture would be an effort to influence corporate activity to promote some kind of evolutionary change in South Africa. Holding and voting stock would have a great influence on evolutionary change. A second reason might be to damage economic foundations of the South African government to the point it would be reformed by whatever means necessary. That is a political
action and there is question whether the divestiture of a few shares of stock held by the state would have any real impact on the corporations. A third purpose would be removal of the Board from any connection with a morally questionable situation. This was the original motivation for considering the issue seriously. Further, putting money into any kind of investment has some moral consequences. If the Board has a responsibility to invest funds to get the maximum rate, it is highly unlikely it could separate itself from some kind of controversial social question.

Mr. Wyss said there is also the responsibility as trustees which Board members have to the recipients of these funds. Mr. Wyss indicated any divestiture which resulted in a loss of funds for financial aid incurs a moral obligation to the students who would otherwise have benefited from the scholarship funds. Thus, one moral question is replaced with another. He commented that any company which in the long run ignores the social consequences of its actions will turn out to be relatively inefficient and a poor investment. He said his concern about whether American corporations were responding to the human rights issue was more than satisfied and he was quite impressed with the answers received from the companies. He said for these reasons he had concluded that divestiture at this time did not seem appropriate.

Mr. Wyss said that in view of actions by the South African government in the last few days, it seemed very probable that in the near future most American corporations would determine that South Africa was not a proper place to be investing.

Mr. Ingalls then opened the meeting for testimony. Individuals testifying were: Renee Romanoff, Jonathan Draper, John Lanier, and John Kaiser, students at the University of Oregon; Jane Knorr, Kay Lewenthal, Bankole Iku Koyi, and Bert Knorr from Portland State University; Dr. William Little, Head of the Black Studies Program at Portland State University; Elizabeth Froß of the American Friends Service Committee. Their testimony included the following statements:

1. Anything short of full divestiture of all stock in corporations operating in southern Africa amounts to continued support for apartheid, is an attack on the people of southern Africa, and opposes the just demands of students and other people here and around the country.

2. Full divestiture was demanded as the only action acceptable to those testifying.

3. The struggle of the South African people against apartheid and white minority rule and the struggle of the American people to support them and get United States corporations out of that area has been growing. The demonstrations aimed at achieving this objective were enumerated, particularly those at the University of Oregon and Portland State University.

4. The State System of Higher Education holds large blocks of stock in five of the largest American corporations in southern Africa. These corporations are in South Africa because of apartheid which makes possible large profits through exploitation of the blacks. The IBM Corporation was cited as one example of a company which supports the present government because it makes computers used in the military, financial, and prison systems of South Africa. Ford and General Motors were mentioned because of their high profits as a result of the low wages paid to unskilled black workers.

5. Opposition was expressed to allowing recruiters from these companies and also the U. S. military forces to recruit on campus.
6. Although the number of students voting in the referendum was not large, it was larger than the vote in most student body elections.

7. Any kind of supposed neutrality is only the continuation of the past policies which attack the people of southern Africa and oppose the majority of people in that region.

8. Any changes that any corporation might bring about in South Africa would retain the intention to continue the enslavement and exploitation of the black majority in the U.S. and British factories located there.

9. The continued holding of investments is the main support for the system in southern Africa, and the corporations are one of the main beneficiaries of that system.

10. The situation in South Africa was compared to the situation in Nazi Germany at the time of World War II, and it was suggested that the Board would not want to be allied politically or economically with people of that type.

11. It is impossible to have investments in South Africa and be concerned for the general welfare of the African people.

12. South Africans state that corporate efforts to reform the situation will not help. The people of South Africa are suffering now but their suffering will be even greater if the investments stay and the government continues to receive moral support from the United States through its corporations.

13. Divestiture would apply pressure to the corporations to withdraw from South Africa and this withdrawal would have severe economic consequences in South Africa which will influence the government to change.

Mr. Ingalls declared the public discussion closed.

Mr. Ater moved that the Finance Committee not recommend to the Board at this time the divestiture of stock in companies doing business in South Africa. Mr. McLaurin said that as a member of the ad hoc committee who voted in favor of divestiture, he would speak to his reasons for that vote. The moral issues raised are very clear. He said the involvement of the State System of Higher Education in terms of its stockholdings is an issue which the Board must deal with in a manner that is consistent with an earlier resolution condemning apartheid. By consistent, Mr. McLaurin said, he meant a method which would have a positive effect in bringing about the changes necessary in South Africa for majority rule in that country. He said the basic issue is whether the presence of American corporations there has a positive or negative impact. In light of recent events, he said, he could only conclude it has no impact whatsoever other than to support economically the continuation of the particular regime that operates the country.

Mr. McLaurin said he had been seeking a method of making the corporations aware of the Board's concern and influencing the companies to withdraw their holdings in South Africa. In his opinion, he said this could be done in two ways, either by the symbolic gesture backed by the economic sanction of divesting stock in these companies, or by voting the stock. Since there appears to be no uniform or collective support within the educational institutions on this particular issue, the vote of the stock would have minimal impact in achieving withdrawal. Divestment would set a precedent which others could follow, and the cumulative effect of divestiture would have an impact in bringing about changes.

Mr. Ater said he also was opposed to the apartheid conditions and was interested in finding, personally and institutionally, effective ways of bringing about change through American political and economic power and moral suasion. He said he had concluded that divestiture would not have the anticipated cumulative effect and that remaining a part of the situation rather than withdrawing completely is a better way to cause change.
The Finance Committee approved by a three to two vote the motion by Mr. Ater that the Committee not recommend to the Board at this time the divestiture of stock in companies doing business in South Africa. Directors Ater, Moore, and Perry voted in favor of the motion and Directors Ingalls and McLaurin were opposed.

Mr. McLaurin indicated there would be an opportunity to present testimony when the matter was before the full Board in November. Since the motion not to divest was approved, Mr. McLaurin requested Mr. Ater to discuss two other motions approved for presentation by the ad hoc committee.

Mr. Ater said the two documents, dated October 20, 1977, had been distributed to the Committee. One was a resolution which addressed the question of providing scholarship assistance to students from southern Africa. The other was a statement of an investment policy to be presented to the Board for consideration as a philosophical framework against which to consider issues as they are presented to the Board.

Mr. Ater then referred to background material provided by the African-American Institute which was distributed with the resolution. He then read the following resolution:

The Subcommittee recommends that the Board adopt the following resolution:

The admissions and financial aid officers on each campus are encouraged to (a) cooperate with the African-American Institute to identify students from Southern African countries who desire and are qualified to pursue higher education in State System institutions, (b) enroll a significant number of such students, and (c) provide such students with sufficient financial aid and fee remission assistance to enable them to matriculate. Although this effort focuses specifically on providing assistance to students from Southern Africa, where oppressive conditions and limited educational opportunities exist, it should be viewed as a part of the Board's overall program to encourage the enrollment of students from various foreign countries.

It was indicated that the resolution would differ from the present policies on scholarships and fee remissions by requesting more aggressive efforts by financial aid officers than those presently in effect. There is no request for additional funds nor any change in the basic position of the Board to encourage enrollment of a cross section of foreign students.

The Finance Committee recommended that the Board adopt the resolution.

Mr. Ater then reviewed the major points of the statement on investment policies and the rationale of the members of the ad hoc committee in the development of the statement. The statement follows:

Statement of Investment Policy

1. The primary investment responsibility of the State Board of Higher Education is to maximize the financial return from the system's endowment and quasi-endowment funds, consistent with the amount of risk appropriate for endowment funds. This is necessary in order to preserve the integrity of the funds and to meet the expectations of the donors and the beneficiaries of these resources, as well as to comply with the Board's legal and fiduciary responsibilities.

2. While the maximization of return must be the Board's primary objective, it is clear that many investment decisions and proxy votes have potential for social, political, or economic significance and that there are occasions when it is prudent and appropriate for the Board to give consideration and weight to such issues. Indeed, a choice must be made on every proxy issue presented. Accordingly, the general criteria by which the Board will consider such issues are set forth in paragraph 4 below.
3. There are several important reasons why the Board must exercise restraint in making investment decisions or voting shares for the purpose of achieving or attempting to influence social, political or economic results not directly related to the Board's investment objectives. These include:

a. Very few such issues are free from doubt or controversy. As trustees for the entire state system, and indeed for the people of Oregon, the Board has no legal right to use the name of the state or its resources to support one side of a controversy;

b. Freedom of thought, inquiry, and expression are fundamental to an academic enterprise, and the Board must take care to assure that its actions do not inhibit the exercise of these freedoms;

c. The Board has delegated the management of its investments to professional managers, who are charged with achieving the Board's investment objectives. Frequent intrusion into investment decision-making defeats the purpose of professional management, may compromise investment results, and makes it impossible to evaluate the managers' performance;

d. The Board has no practical way to become or continue to be fully and fairly informed as to all of the activities and policies of the nearly 100 companies in which the endowments are invested;

e. The Board is not a major investor in any enterprise, and therefore the Board's investment decisions and its proxy votes have little direct influence on corporate decisions.

The latter two points suggest that the Board can have influence on any issue only by carefully limiting its actions to those where it is adequately informed and by taking actions which are reasonably calculated to communicate the Board's concern effectively.

4. The circumstances under which the Board may give substantial weight to social, political, or economic factors in making investment or proxy decisions include the following:

a. If there is evidence that corporate management is acting in violation or substantial disregard of the law or of generally accepted standards of corporate responsibility;

b. If the corporation is engaged in activities which plainly and directly have undesirable social, economic, or political effects;

c. If a shareholder proposal is well conceived and directed to a goal which can be attained at reasonable expense in relation to the result desired;

d. If a proposal is designed to improve disclosure to shareholders or the opportunity for meaningful shareholder participation in corporate affairs, to improve the rights and protection afforded to minority shareholders as a body, or to increase opportunities for employee participation in ownership or profits of the enterprise;

e. If there is substantial and evident consensus within the academic community that the Board should take a position on a particular case;
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f. If the Board can take meaningful action without impairing the essential financial integrity of its investments.

The relative influence of each of these criteria cannot be specified, nor can it be said that these criteria are exclusive, as it is impossible to predict the variety of issues which may come before the Board.

5. A decision to sell, or not to acquire, a particular investment is unlikely to have any effect on corporate actions and therefore will not generally be taken for the purpose of influencing such actions. However, if it appears that a corporation is acting in violation of the law or accepted standards, a review of that investment may well be justified out of prudence, as well as to evidence disapproval of such actions.

6. Shareholder proposals not supported by management rarely achieve any significant support and thus such proposals normally do not have any direct bearing on corporate actions. There is substantial evidence, however, that the mere fact of such proposals and the nature of their support have a measurable influence on corporate management. There is also evidence that direct communication from institutional investors to management can be influential. Accordingly, the Board should not hesitate to vote its shares in support of proposals which meet the criteria of paragraph 4 and to communicate the reasons for its vote to management.

7. The following procedures will be implemented to carry out this policy:

a. The Committee on Finance and Administration is authorized to review and act for the Board in connection with particular investment decisions and proxy issues, but it may—in its discretion—refer any issue to the full Board for final decision;

b. The Vice Chancellor for Administration shall review all proxy material and similar information with respect to all securities held in the Board's funds and bring to the attention of the Committee any issue which appears to meet the criteria of paragraph 4;

c. All members of the academic community are invited to bring to the attention of the Board any issue related to the Board's investment where action appears appropriate under the criteria of paragraph 4. Such communications shall be directed to the Vice Chancellor for Administration for review, and the Vice Chancellor shall submit to the Committee those matters which appear to warrant consideration at Board level;

d. Unless the Committee or the Board directs otherwise in a particular case, proxies will be voted in accordance with management recommendations and the investment decisions of the Board's investment managers will be final;

e. In case of any decision to sell an investment or to cast a proxy vote for any economic, social, or political purpose, the Vice Chancellor, on behalf of the committee or the Board, will address an appropriate letter of explanation to corporate management.

Mr. Perry expressed appreciation to the members of the ad hoc committee and to Mr. Holmer for assembling the data necessary for the ad hoc committee to come to a decision. Mr. Perry said he had strong sympathy for the point of view expressed by Mr. McLaurin and supplemented by Mr. Ater. He said he would vote for the
policy because his experience has been that the most important factor in a college or university is freedom of thought, inquiry, and expression. The Board must exercise care that its actions do not inhibit these freedoms, regardless of whether the members happen to agree with the points of view expressed.

The Finance Committee recommended that the statement of investment policy be forwarded to the full Board for consideration.

The Chancellor stated his position that the Board should not permit itself to divert its attention from consideration of those issues vital to the governance of the Department of Higher Education by feeling obligated to share responsibility for resolution of public issues. It is an important role of the Board to be involved in an objective analysis of this public policy issue as well as many others. The Chancellor said it would be consistent with this view and with those expressed by President Perry and members of the Committee to include in the resolution a statement urging the institutions to provide an opportunity for forums to debate this very crucial question.

Mr. Ingalls expressed his thanks to the members of the ad hoc committee for their excellent efforts in a very difficult task.

Board Discussion and Action

President Perry declared that public testimony would be heard on the South African issue and that prior notice of the discussion had been distributed. He indicated that an effort had been made to accommodate the time commitments for those who wished to testify. Since there were over 30 people on the list, he asked that speakers limit statements to 5 minutes and avoid repetition.

Mr. Perry then asked Mr. Jonathan Ater to provide preliminary background information and place the matter formally before the Board.

Mr. Ater said the matters related to southern Africa and the management of the endowment funds had been presented first to the Board in June by the Associated Students of the University of Oregon as a result of a referendum on the campus of that institution. An ad hoc committee was appointed to study the issues and the Board adopted a statement in July which indicated that the policies of apartheid were repugnant to the moral principles of the people of Oregon. The Vice Chancellor for Administration was requested to make a thorough investigation of the nature of the Board's investments, to review the activities of the companies in which the Board had investments, to counsel with the investment managers with respect to voting proxies, and to investigate the scholarship situation. The report was made to the Finance Committee and the Committee recommended to the Board, by a three to two vote, that the stocks not be divested, that the Board adopt a statement of investment policy setting forth the philosophical bases upon which the Board would approach such questions as this both now and in the future, and that the Board take some affirmative steps to encourage its financial aids and admissions officers to make educational opportunities available to South African students.

Mr. Ater said there were three issues before the Board: (1) whether the stocks and other investments should be sold; (2) whether the statement on investment policy was an appropriate document for the Board to adopt; and (3) what the Board's position should be with respect to the scholarship question. He said the Board has expended substantial time and effort on the question of southern Africa. He said he was not sure the individual Board members had reached a conclusion and asked that the speakers assist the Board in understanding the issues. Mr. Ater commented that Board members were reasonably well informed with respect to the situation in South Africa and the alternatives available to the Board.
Mr. Ater said it had been suggested that an appropriate method to bring the divestiture issue before the Board was by an affirmative motion for divestiture.

Mr. Ater then moved that the Board instruct its investment managers:

1. To proceed in an orderly manner to sell all of the endowment investments in the companies which Mr. Holmer has identified as having substantial activity in Southern Africa; and

2. Not to acquire investments in any company which meets one of these three standards--employs more than 50 persons in Southern Africa, or (2) earns more than $500,000 from business operations in Southern Africa; or (3) which has investments in excess of $500,000 in fixed assets or loan portfolios in Southern Africa. For purposes of this motion, South Africa means the countries of South Africa, Rhodesia, and Namibia.

In carrying out this action, the investment managers are requested to act prudently and in a manner which would not jeopardize the integrity of the endowment funds.

Mr. Perry then opened the meeting to public testimony. The following individuals presented statements during the public testimony:

Mark Cogan--University of Oregon student
Bruce Bowers--a University of Oregon student and member of People for Southern African Freedom, speaking as an individual
Walter Sheasby--University of Oregon student
Thami Mhlambiso--a member of the African National Congress and its representative at the United Nations
Douglas Huneke--Presbyterian University Chaplain, University of Oregon
Betty Luginbill--Campus Minister, Wesley Center, University of Oregon
Jonathan Draper--University of Oregon student
Myron Kinberg--Rabbi, Temple Beth Israel, Eugene
Elizabeth Groff--representative of American Friends Service Committee
Rozanne Emerson--a member of the Graduate Teaching Fellows Federation, University of Oregon, speaking as an individual
Robert Swain, Unitarian Minister, Eugene
Daniel Valentine--Visiting Assistant Professor of History, University of Oregon
Marion Barnes--a member of Clergy and Laity Concerned
John Lanier--University of Oregon student
Renee Romanoff--University of Oregon student, member of Revolutionary Student Brigade
Richard Weinraub--Instructor, University of Oregon
Gary Feldman--President, Associated Students, University of Oregon
Janet Eggleston--University of Oregon student
Michael Connelly--University of Oregon student
Steve Hanselman--University of Oregon student
Jennifer Tompkins--Vice Chairman, Oregon Student Lobby and President of the Associated Students of Southern Oregon State College
Robert L. Liberty--Legislative Coordinator, Oregon Student Lobby
Sam Pace--University of Oregon Law School student
Steve Anen--student at Portland State University
Elizabeth Bose--University of Oregon student
Chris Lyons--Portland State University student
Richard Young--University of Oregon
Enrico Martignoni--Portland State University student
Jahja Muhammad Nkrumah--Instructor, University of Oregon High School Equivalency Program
Jean Vignes--member of People for Southern African Freedom
An unidentified speaker
The speakers made the following points during their presentations:

1. The responsibility of the Board to Oregonians and to Africans is to resist with discretion, but actively and with resolution, the perpetuation of apartheid.

2. The Board should divest itself of stock because the investments perpetuate the South African regime.

3. The present government in South Africa has no intention of bringing significant change that will grant the majority of the people there a rightful share of power and wealth.

4. A vote in favor of divestiture will give South Africans who struggle for freedom and dignity a reason to hope. It will indicate that complicity in oppression is not an acceptable option for learned persons.

5. The academic community is observing the outcome of the vote, a decision which may bring about a new approach to the question of corporate involvement in South Africa.

6. The decision will determine whether there will be peace on the campuses.

7. Background information on many of the companies doing business in South Africa was presented. It indicated the extent of their investments and cooperation with the South African governments.

8. Petitions calling for divestiture and signed by students and religious leaders were presented to the Board.

9. There is a question whether divestiture would intensify the tragedy in South Africa or help to ameliorate and pacify the suffering and oppression occurring there. The decision made might be the educational contribution which could be given to those who look to educational leadership not only for guidance for the maintenance of the educational process, but for guidance as to the moral and social integrity of the educational process as well.

10. The Board has a fiscal responsibility to achieve adequate income from the investment portfolio, but it is also important to maintain a moral responsibility in questions of human dignity and human justice.

11. The rationale to justify suffering an economic loss for an immediate minimal effect in terms of human rights is difficult to articulate because the value of human rights is not easily quantified. However, it would be a mistake to conclude that human rights are valueless. Even though the individual impact of an action to divest might be small, this decision, when combined with that of others, can strike down the strongest walls of oppression.

12. It would be advantageous to American companies to oppose the South African regime so that once the control of the area has been changed, the corporations can continue operations in those countries on terms acceptable to the majority of the population.

13. Letters from Mr. Jack Delay, Councilman for the City of Eugene, and Mr. Jim Weaver, Member of Congress, in support of divestiture were read.
Mr. Perry also read a letter, dated November 16, 1977, from Mr. Melvin D. Ferguson, Director of State Affairs of the Associated Students of Oregon State University, which indicated that the concern over divestiture was a non-issue on that campus. Mr. Ferguson stated that his office had received no student input advocating or dissenting the position taken by the Finance Committee, and no response had been received when information concerning the University of Oregon's initiative petition was presented in the student newspaper. The letter also said the Associated Students would favor use of interest money for scholarships for southern African and other international students. In response to this letter, one individual testified that 100 signatures had been obtained at Oregon State University on a petition favoring divestiture.

Mr. Perry declared the public testimony closed.

Mr. Ater then restated his motion that the Board instruct its investment managers to:

1. Proceed in an orderly manner to sell all endowment investments in the companies identified by the Vice Chancellor for Administration as presently having substantial activity in southern Africa; and

2. Not to acquire investments in any company which employs more than 50 persons in southern Africa; earns more than $500,000 from business operations in southern Africa; or has investments in excess of $500,000 in fixed assets or loan portfolios in southern Africa.

Southern Africa refers to three countries: South Africa, Rhodesia, and Namibia. Further, in carrying out this action, investment managers are requested to act prudently and in a manner which would not jeopardize the integrity of the endowment.

Mr. Moore said he had maintained the position that more could be accomplished by retaining investments and voting the stock than by divestiture. However, he said the speakers had convinced him that nothing had been accomplished so far to affect the minority government and the deprivation of rights has been increasing. He said he would vote for divestiture because the Board was powerless to change the minority government in southern Africa.

Mr. Anderson said he shared the revulsion to the crimes of apartheid in southern Africa. However, he said he rejected the argument that failure to divest necessarily supported apartheid policies and endorsed the exploitive racial policies of the multi-national corporations. He said the issue went far beyond divestiture. Board members represent all the citizens of Oregon and are appointed custodians of the State System of Higher Education to provide the best education possible within the resources available and in an atmosphere of freedom. Mr. Anderson said over the years freedom of expression and inquiry in Oregon have been upheld by policies, precedent, law, and tradition. Any action taken by the Board could, either by implication or by mandate, dictate the Board's decisions in the future. For example, divestiture of South African investments would mandate similar action in all countries where, after the Board received the allegations and investigated them, it was determined that discrimination and oppression existed.

Mr. Anderson said this then led to the main issue of the impact on academic freedom. It would be necessary to oppose anything which might be construed as being supportive of apartheid or oppression anywhere. Research and study in southern Africa would have to be opposed, if for no other reason than that the money expended there might help to support the government. Opposition could apply to any program of State System institutions which, in discussing or researching oppressive policies of the countries affected, could be interpreted to be in support of these policies. Academic freedom must be absolute, Mr. Anderson said. It cannot be parcelled or
negotiated. It must be protected against any action that might jeopardize or dilute its continued unhindered existence, and above all, it cannot be sacrificed on personal conviction or emotional zeal directed to any cause. The people of Oregon have shown their support of policies of the Board, particularly as they apply to academic freedom, and until the citizens of Oregon declare conclusively otherwise, either through their elected representatives or through referendum, the Board should support existing policies and precedent by adopting the recommendation of the Committee not to divest.

Mr. Ater said he agreed that academic freedom must be supported but disagreed with the premise that for the Board to take a position on the South African issue negates academic freedom. Mr. Ater said a month ago he did not believe divesting was the most effective course. He said he had changed his mind and would vote for divestiture because this was one of those rare occasions when the Board was confronted with an issue about which there was no real controversy, the absolute immorality of apartheid. It is an issue on which the Board could, and perhaps should, take a position of moral leadership. Mr. Ater said the Board was not necessarily establishing a precedent, nor would it perhaps take a similar action on other issues.

Mrs. Daniels said she would vote in favor of divestiture but those individuals who attacked the integrity of the vote of each Board member made it very difficult for her to do so.

The Chancellor said it was his personal conviction that when the Board begins to devote its attention to the overriding social issues in society it does not have time for its primary role of governing the Department of Higher Education. Weighing that concern against the social, political, and cultural evils described in the testimony and elsewhere, he said, was an agonizing choice. He said he had become convinced that the breaching of the conviction about the role of the Board would be justified when dealing with the evils under discussion. He said he would not be uncomfortable if the Board were to take the position stated in the motion made by Mr. Ater.

The Board approved the motion for divestiture as presented by Mr. Ater, with the following voting in favor: Directors Ater, Carpenter, Daniels, Feves, Harms, Ingalls, McLaurin, and Moore. Those voting no: Directors Anderson, Wyss, and Perry. Consideration of the two related issues was postponed.

**President's Report**

President Perry announced that the next meetings of the Board’s Committees would be held on December 16, 1977, at Portland State University. The next regular Board meeting is scheduled for January 27, 1978, at Oregon College of Education in Monmouth.

**Communications, Petitions, and Memorials**

Miss Wilma Foster, Acting Board Secretary, read the following communication from Dr. Carlos Easley, Director, Office of Instructional Improvement, Eastern Oregon State College, La Grande:

> It was indeed a pleasure to receive the Certificate of Recognition from the Oregon State Board of Higher Education.

> I have always been impressed by the quality of the Board Members that Oregon has enjoyed over the years. I know that it would be easy to think of the institutions as institutions but Board Members I have had the opportunity to work with have always carried over a warm personal relationship and a display of interest in the individuals who helped to make the institutions run.

> Sincerely yours,

> /s/ Carlos

> C. E. Easley, Director

> Office of Instructional Improvement
Report of Bids and Contract Award for Safety Deficiency Corrections, Phase I (Institute of Marine Biology Fire Detection System), UO

Staff Report to the Board

Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of Marquess Engineering Co., Springfield, for the addition of a fire detection and alarm system in buildings making up the complex of the Institute of Marine Biology at Charleston, Oregon, were accepted on behalf of the Board. Five bids were received for the work on September 15, 1977, ranging from a low of $17,950 to a high of $23,768. Inasmuch as the low bid was within the estimate and funds were available for the work, a contract award was made and the following tentative budget was approved for the project:

| Direct construction costs - Preloc Security Systems, Inc., Portland | $17,950 |
| Professional services fees | 1,795 |
| Construction supervision and miscellaneous costs | 5,819 |
| Contingencies | 1,436 |
| **Total** | **$27,000** |

The work of the contract includes the installation of a completely integrated fire and smoke detection system utilizing both new and existing equipment. The system will utilize manual stations, ionization thermal detectors and alarm bells and be electrically supervised against both short and open wiring faults in the detection circuits.

Funds required for this project are being provided from the budget allocation of $1,675,000 for safety deficiency corrections, Phase I, at the University of Oregon, as part of the program authorized by Chapter 48, Oregon Laws 1975.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - UO Safety Deficiency Corrections, Phase I (Institute of Marine Biology Fire Detection System)

Engineer - Marquess Engineering Co., Springfield

Board's priority - Part of No. 1 in 1975-1977 (Educational & General Plant)

Legislative authorization - Chapter 48, Oregon Laws 1975

| Total project costs (this portion only) | $27,000 |
| Total direct construction costs (this portion only) | 17,950 |
| Scheduled completion - November 1977 |

Tentative financing plan:

- General Fund appropriation | $13,500 |
- Article XI-G bond proceeds | 13,500 |

| **Total** | **$27,000** |

Board Discussion and Action

The Board received the report as presented.
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Report of Appointment of Engineers for Correction of Safety Deficiencies, Phase II (Fire Protection Systems within Esslinger Hall), UO

Upon the recommendation of officials of the University of Oregon, and in accordance with the provisions of AR 70.146, arrangements have been made with Keith Kruchek Consulting Engineers, Inc., Portland, for professional services relating to the preparation of drawings, specifications and cost estimates and relating also to contract administration for the proposed fire protection systems within Esslinger Hall as part of the second phase of the program for the correction of safety deficiencies. The work is expected to include the complete sprinkling of Esslinger Hall, revising the existing system to serve additional areas and adding the sprinkling of the basement of Leighton Pool. Tentatively, it is estimated that the direct construction costs will be approximately $333,000.

Compensation for the engineers' services and expenses shall be on a time and materials basis not to exceed $23,000.

Funds required for the planning are available from the General Fund appropriation authorized by the 1977 Legislature for the safety deficiency correction program.

Staff Report to the Board

The Board received the report as presented.

Report of Bids and Contract Award for Student Housing in Portland (Residential Buildings Exterior Renovations), PSU

Upon the recommendation of institutional officials, the final drawings and specifications which had been prepared with the assistance of Allen L. Greene, Architect, Portland, for exterior renovations to nine residential buildings at Portland State University were accepted on behalf of the Board.

Bids for the work were taken separately under Basic Bids A, B and C. An optional combination bid was also provided. Two bids were received for each category on September 20, 1977, as follows:

<table>
<thead>
<tr>
<th>Bid Category</th>
<th>Basic Bid A</th>
<th>Basic Bid B</th>
<th>Basic Bid C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Painting</td>
<td>$37,650</td>
<td>$63,800</td>
<td>$93,887</td>
</tr>
<tr>
<td>Masonry</td>
<td></td>
<td>$73,255</td>
<td>$96,900</td>
</tr>
<tr>
<td>Roofing</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Inasmuch as both bids for the roofing work were exceptionally high, they were rejected and no award was made for Basic Bid C. However, contract awards were made for the other two basic bids and the following tentative budget was approved for the exterior painting and masonry restoration on the nine residential buildings:

Direct construction costs:
- Painting - Nyland & Bratcher, Inc., dba Williamson & Bleid, Portland $37,650
- Masonry - Gen-Con Corp., Portland $63,800
  Total $101,450

Professional services fees $8,116
Construction supervision and miscellaneous costs $2,362
Contingencies $5,072
  Total $117,000

Funds required for this project are being provided from proceeds of the sale of self-liquidating bonds under the provisions of Article XI-F(1) of the Oregon Constitution as a portion of the $10,000,000 capital outlay authorization granted by the 1973 Legislature for the housing of students in Portland. Authorization...
for the expenditure of $500,000 of these funds for the rehabilitation of the nine
residential buildings at Portland State University leased to Portland Student
Services, Inc., was granted by the Board and the State Emergency Board in 1976.

RECAPITULATION UPON RECEIPT OF BIDS AND CONTRACT AWARD

Project - PSU Student Housing in Portland (Residential Buildings
Exterior Renovations)

Architect - Allen L. Greene, Portland

Board's priority - not applicable

Legislative authorization - Chapter 592, Oregon Laws 1973

Total project costs (this portion only) $117,000

Total direct construction costs (this portion only) $101,450

Scheduled completion - December 1977

Tentative financing plan:
   - Article XI-F(1) bond borrowings $117,000

Board Discussion and Action

The Board received the report as presented.

A revised semifinal project budget is shown below in comparison with the budget
reported to the Board on March 23, 1976:

<table>
<thead>
<tr>
<th></th>
<th>Revised Budget 9/3/77</th>
<th>Original Budget 3/23/76</th>
<th>Increase or Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs</td>
<td>$52,771</td>
<td>$51,599</td>
<td>$1,172(1)</td>
</tr>
<tr>
<td>Sims Electric of Medford, Inc., Medford</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>5,229</td>
<td>3,820</td>
<td>1,409</td>
</tr>
<tr>
<td>Contingencies</td>
<td></td>
<td>2,581</td>
<td>(2,581)</td>
</tr>
<tr>
<td>Total</td>
<td>$58,000</td>
<td>$58,000</td>
<td>$0</td>
</tr>
</tbody>
</table>

(1) Includes the addition of pull stations and alarm bells in several locations and other minor modifications all included within two approved change orders.

The work of the contract included the centralization of each of the existing
building fire alarm systems into one system with its connection to the Honeywell
Delta 2000 Control Processing Unit which is located in the Physical Plant Offices.
Except for $3,000 charged against the residence hall reserves, the costs of this portion of the safety deficiency correction program are being financed in equal shares from the General Fund appropriation in Chapter 48, Oregon Laws 1975 and from bond borrowings authorized under Article XI-G of the Oregon Constitution.

RECAPITULATION UPON INSPECTION AND ACCEPTANCE

Project - SOSC Safety Deficiency Corrections, Phase I
(Fire Alarm System)
Engineer - Marquess & Associates, Inc., Medford
Board's priority - Part of No. 1 in 1975-1977 (Educational and General Plant)
Legislative authorization - Chapter 48, Oregon Laws 1975

Total project costs (this portion only) $58,000
Total direct construction costs (this portion only) $52,771
Tentative financing plan:
   General Fund appropriation $27,500
   Article XI-G bond proceeds 27,500
   Institutional funds available from dormitory reserves 3,000
   Total $58,000

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of officials of Oregon State University, and in accordance with the provisions of AR 70.146, arrangements have been made with Payne Settecase Smith & Partners, Salem, for architectural services relating to the design and contract administration of the proposed Veterinary Medical Teaching Hospital-Clinic Facilities, including utility extensions. The architects will be assisted by a number of engineering consultants and by Frederick R. Frank, a veterinary facilities consultant associated with Ezra D. Ehrenkrantz and Associates, P.C., New York. Mr. Frank is an architect located at Mississippi State, Mississippi.

Planning funds for this project were authorized as part of the 1977-1979 capital construction program and in accordance with the provisions of Chapter 560, Oregon Laws 1977, "are subject to release by the Emergency Board when an agreement covering a specific contribution of federal funds to the project is complete and in hand." By letter dated September 28, 1977, notice was provided by the Public Health Service of the Department of Health, Education, and Welfare that a grant of $10,000,000 is being awarded for various teaching and clinical facilities for the northwest regional program in Veterinary Medicine, allocated as follows:

Oregon State University $5,351,000
Washington State University 3,658,000
University of Idaho 991,000

The grant of $5,351,000 for facilities at Oregon State University is somewhat less than the request of $7,200,000 reflected in the application filed earlier this year, but efforts will be made to stay within the resources being made available for the project, including state matching funds not to exceed $3,200,000.
Tentatively, it appears that the direct construction costs will need to be limited to approximately $6,000,000.

Compensation to the architects for their professional services and expenses applicable to this work shall be at the rate of 6.8% of the direct construction costs. This fee rate is to cover all architectural and engineering services other than those of the special consultant, Frederick R. Frank, which will be invoiced on a time and materials basis not to exceed $60,000.

Pending the release of the planning funds by the Emergency Board, funds required for the schematic design phase of planning are being advanced from excess sinking fund reserves from commingled student building fees as authorized by the Board on July 29, 1977.

Board Discussion and Action

The Board received the report as presented.

Staff Report to the Board

Upon the recommendation of institutional officials and Gordon & Associates, Inc., Corvallis, consulting engineers, the work of the prime contractor for the additions and revisions to the exitway and access facilities within and on five buildings at Oregon State University was accepted on behalf of the Board as of September 15, 1977.

A revised semifinal project budget is shown below in comparison with the budget reported to the Board on September 28, 1976:

<table>
<thead>
<tr>
<th></th>
<th>Revised 9/15/77</th>
<th>Original 9/28/76</th>
<th>Increase/Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct construction costs - Dale Pence General Contractor, Inc., Salem</td>
<td>$221,242</td>
<td>$216,524</td>
<td>$4,718 (1)</td>
</tr>
<tr>
<td>Professional services fees</td>
<td>19,912</td>
<td>19,487</td>
<td>425</td>
</tr>
<tr>
<td>Construction supervision and miscellaneous costs</td>
<td>6,946</td>
<td>7,759</td>
<td>(813)</td>
</tr>
<tr>
<td>Contingencies</td>
<td>-</td>
<td>4,330</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$248,100</td>
<td>$248,100</td>
<td>$0</td>
</tr>
</tbody>
</table>

(1) Includes the following revisions together with other minor modifications included within five approved change orders:

Covell Hall: Relocation of gas service;

Mitchell Playhouse: Substitution of concrete for metal grating at stair treads and platform, modifications to handrails and addition of paving at entrance and bottom of stairway;

Kidder Hall: Widening of footing at smoke tower, addition of power and lighting outlets, relocation of an exhaust grille and ductwork, modifications in hollow metal work, changes in finish hardware, enclosing of existing fire alarm system wiring in Wiremold, deletion of work in Office No. 128, deletion of skim coat of plaster at smoke tower and rerouting of existing roof drain.
The work of the contract may be described briefly as follows:

**Covell Hall**  
Fire sprinklering of certain critical areas; adding a new exterior concrete entrance stair to the second floor; and adding a new steel fire escape to facilitate exiting from the adjacent Batcheller Hall.

**Batcheller Hall**  
Providing a new exit door and walkway over the roof of Covell Hall to a new fire escape.

**Pharmacy Building**  
Modifications to an existing steel fire escape.

**Mitchell Playhouse**  
Removal of an existing wood exterior fire exitway and replacement with a new steel stairway.

**Kidder Hall**  
The addition of a new concrete and brick stair tower at the east end of the building and the creation of new exitway corridors to this new stair at each floor.

**All Five Buildings**  
Attendant door, emergency and other lighting, and electrical modifications to accommodate the new exitways.

The expenditure requirements of $248,100 are being charged against the budget allocation of $1,650,000 for safety deficiency corrections, Phase I, at Oregon State University, funded as part of the program authorized by Chapter 48, Oregon Laws 1975.

**RECAPITULATION UPON INSPECTION AND ACCEPTANCE**

Project - OSU Safety Deficiency Corrections, Phase I, (Covell Hall, Batcheller Hall, Pharmacy Building, Mitchell Playhouse and Kidder Hall Exitway and Access Additions and Revisions)

Engineers - Gordon & Associates, Inc., Corvallis

Board's priority - Part of No. 1 in 1975-1977 (Educational and General Plant)

Legislative authorization - Chapter 48, Oregon Laws 1975

Total project costs (this portion only) $248,100

Total direct construction costs (this portion only) $221,242

Tentative financing plan:

General Fund appropriation $124,050

Article XI-G bond proceeds $124,050

Total $248,100

Board Discussion and Action

The Board received the report as presented.

**Staff Report to the Board**

Inasmuch as the design development phase of planning for the proposed second phase of remodeling within the Memorial Union building at Oregon State University was in substantial conformance with the schematic design reviewed and approved by the Board on March 25, 1977, it has been accepted and the project architects, Jeppsen, Miller & Tobias, Corvallis, are being authorized to proceed with the construction documents based upon a direct construction cost allowance of approximately $492,500.
The work is expected to include improvements to the kitchen storage and delivery facilities at the ground level; the replacement of an existing service elevator and extending it to the second floor; some remodeling within the east end of the mezzanine floor; converting the ground floor area previously used as the craft shop into storage and identification card processing; providing roof coverings over three existing entrances; altering the administrative office suite; correcting certain safety deficiencies, such as to add handrails in the center of the main stairway in the rotunda area; and the cleaning, repointing and caulking of exterior surfaces.

The estimated total project cost is $630,000, which is equal to the expenditure limitation authorized for this work by the 1977 Legislature. These costs are to be financed from Article XI-F(1) bond proceeds and/or balances available for auxiliary enterprises.

RECAPITULATION UPON APPROVAL OF DESIGN DEVELOPMENT PHASE OF PLANNING

Project - OSU Memorial Union Remodeling
Architects - Jeppsen, Miller & Tobias, Corvallis
Board's priority - No. 8 in 1977-1979 (Auxiliary Enterprises)
Legislative authorization - Chapter 560, Oregon Laws 1977

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated total project cost</td>
<td>$630,000</td>
</tr>
<tr>
<td>Estimated total direct construction costs</td>
<td>$492,500</td>
</tr>
<tr>
<td>Bidding - February 1978</td>
<td></td>
</tr>
<tr>
<td>Completion - February 1979</td>
<td></td>
</tr>
<tr>
<td>General obligation bond borrowings under</td>
<td></td>
</tr>
<tr>
<td>Article XI-F(1) of the Oregon Constitution and/or</td>
<td></td>
</tr>
<tr>
<td>balances available for auxiliary enterprises</td>
<td>$630,000</td>
</tr>
</tbody>
</table>

The Board received the report as presented.

CONDITION OF BOARD’S SPECIAL AND PLANT REHABILITATION RESERVES
As of November 18, 1977, for Fiscal Year Ending June 30, 1978

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board’s Unallocated Reserve</td>
<td></td>
</tr>
<tr>
<td>Board’s Reserve for Plant Rehabilitation</td>
<td></td>
</tr>
<tr>
<td>Balance as of September 30, 1977</td>
<td>$174,039</td>
</tr>
<tr>
<td>Balance as of November 18, 1977</td>
<td>$174,039</td>
</tr>
<tr>
<td>Board’s Reserve for Equipment Replacement</td>
<td></td>
</tr>
<tr>
<td>Balance to be distributed to institutions pending</td>
<td></td>
</tr>
<tr>
<td>finalization of allocation plan--biennial amount</td>
<td>$1,442,019</td>
</tr>
</tbody>
</table>
Meeting #442-91

IV. Reserve for April 1, 1978, Academic Pay Adjustment (4/1/78-6/30/78)

$983,689

V. Reserve for Underfunding 1% of Base Academic Salaries for 1977-78

$(820,659)

Board Discussion and Action

The Board received the report as presented.

Adjourned Board Meeting

President Perry announced that an adjourned Board meeting would be held at the time of the Board's Committee meetings on December 16, 1977.

Adjourned Session of Meeting of November 18, 1977

President Perry called the adjourned session of the regular State Board of Higher Education meeting of November 18, 1977, to order at 11:30 A.M., P.S.T., December 16, 1977, in Room 338, Michael J. Smith Memorial Center, Portland State University, Portland, Oregon. The following Board members were present:

- Mr. Lester E. Anderson
- Mr. Jonathan A. Ater
- Mrs. Jane H. Carpenter
- Mrs. Ruth O. Daniels
- Mrs. Betty Peves
- Mr. Edward C. Harms, Jr.
- Mr. Robert C. Ingalls
- Mr. Gregory G. Moore
- Mr. Loren L. Wyss
- Mr. Louis B. Perry

Absent: Mr. W. Philip McLaurin had submitted his resignation from the Board and therefore was not present at this meeting.

Proposed Siting, Planning, Construction and Operation of Newport Aquaculture Laboratory at Yaquina Bay Marine Science Center, OSU

(Considered by Committee on Finance, Administration, and Physical Plant, December 16, 1977; present--Ingalls, Ater, Moore, Perry.)

Staff Recommendation to the Committee

It was recommended that the President and Secretary of the Board be authorized to execute a quitclaim deed, lease amendment or other documents requested by the Port of Newport or the federal government so that approximately two acres of land at the Yaquina Bay Marine Science Center can be provided to the federal government as the site of the proposed Newport Aquaculture Laboratory for which federal funds have been appropriated to the Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service.

It was also recommended that appropriate Board officials be authorized to execute and implement the provisions of such agreements as may be required or desired by the federal government for the planning and construction of the proposed aquaculture facility within a project budget of $2,125,000 and for the maintenance and operation thereof within annual operating budget appropriations also provided by the federal government.

Discussion and Recommendation by the Committee

During the Committee discussion, it was indicated that staff members from other marine science research facilities would be shifted to the new location when construction is completed. These individuals are paid primarily from federal grants. It has been stated that if federal funds were withdrawn, the facility would be closed and no continuing obligation would be imposed upon state funds for the laboratory.

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

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Peves, Harms, Ingalls, Moore, Wyss, and Perry. Those voting no: None.
Staff Report to the Committee

Congress has appropriated $2,125,000 to the Department of Commerce for the planning and construction of an aquaculture research facility which the National Marine Fisheries Service of the National Oceanic and Atmospheric Administration wishes to locate at the Oregon State University Yaquina Bay Marine Science Center. Inasmuch as the federal agency requires title to the site of the proposed laboratory facility, tentative arrangements have been made with the Port of Newport for the deeding of approximately two acres of land currently under lease to the Board if the Board will quitclaim its equity in this parcel of land east of the present main building.

The National Marine Fisheries Service also has requested that the planning and construction of the proposed facilities be managed by institutional and Board officials under contractual arrangements now being negotiated. The project would provide facilities for conducting research in fish genetics, pathology, aquaculture techniques, population dynamics and economics that will lead to the establishment and rehabilitation of Pacific Northwest fish stocks—principally salmonids and mollusks. Based upon the program now being considered, it is expected that a gross area of approximately 30,000 square feet would be provided within a two-story structure to be designed in esthetic harmony with the architecture of existing units of the Marine Science Center. The projected time schedule for the proposed facility anticipates the completion of architectural planning by July 1978 and the completion of construction by September 1979.

Consideration is also being given to the contracting of maintenance and operation by the staff of Oregon State University with all funding to be provided from annual operating budget appropriations of the federal agency. The details thereof are yet to be formulated. One or more resident representatives of the National Marine Fisheries Service would be stationed at the facility for cooperative research efforts with scientists at the Marine Science Center. The initial appropriation of $151,000 operating costs during Fiscal Year 1978 may be made available for the purchase of equipment, but it is expected that subsequent annual authorizations will be provided on a recurring basis for maintenance and operations including salaries of personnel of the agency, utility services, janitorial expenses, etc.

Staff Recommendation to the Committee

It was recommended that the Board's staff be authorized to present a request to the State Emergency Board to review the cumulative effect of salary adjustment underfunding during 1975-1977 and 1977-1979 and to propose an adjustment in the Department's expenditure authorization.

Discussion and Recommendation by the Committee

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

Board Discussion and Action

The Board approved the Committee recommendation as presented, with the following voting in favor: Directors Anderson, Ater, Carpenter, Daniels, Feves, Harms, Ingalls, Moore, Wyss, and Perry. Those voting no: None.

Staff Report to the Committee

The 1975 Legislature authorized salary increases for a 26-month period from May 1, 1975, through June 30, 1977. The increases for the months of May and June 1975 were fully funded but the 24 months of 1975-1977 were funded at 90.83% of cost. This funding methodology was applied to all state agencies.